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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

SECOND AMENDED DISCLOSURE STATEMENT IN SUPPORT OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION OF ARCAPITA BANK B.S.C.(c) AND RELATED DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: April 25, 2013
New York, New York

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 12:00 P.M. PREVAILING U.S. EASTERN TIME ON MAY 30, 2013, UNLESS EXTENDED BY ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK.

DISCLAIMER

THE INFORMATION CONTAINED IN THIS SECOND AMENDED DISCLOSURE STATEMENT ("***DISCLOSURE STATEMENT***") IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY PROVIDE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

THIS DISCLOSURE STATEMENT AND THE RELATED DOCUMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ACCEPTING OR REJECTING THE PLAN. NO OTHER REPRESENTATIONS ARE AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING THE DEBTORS, THEIR BUSINESS OPERATIONS, THE VALUE OF THEIR ASSETS OR THE VALUES OF THE SECURITIES AND INSTRUMENTS DESCRIBED HEREIN TO BE ISSUED OR BENEFITS OFFERED PURSUANT TO THE PLAN, EXCEPT AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS, APPENDICES, AND/OR SCHEDULES ATTACHED HERETO, INCORPORATED BY REFERENCE OR REFERRED TO HEREIN, OR ANY OTHER DISCLOSURE STATEMENT OR OTHER DOCUMENT APPROVED FOR DISTRIBUTION BY THE BANKRUPTCY COURT. HOLDERS OF CLAIMS AND/OR INTERESTS SHOULD NOT RELY UPON ANY REPRESENTATIONS MADE OR INDUCEMENTS OFFERED TO SECURE ACCEPTANCE OF THE PLAN OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT.

PROCEDURES FOR DISTRIBUTIONS UNDER THE PLAN ARE DESCRIBED UNDER ARTICLE XI – "METHOD OF DISTRIBUTIONS UNDER THE PLAN AND CLAIMS RECONCILIATION." DISTRIBUTIONS WILL BE MADE ONLY IN COMPLIANCE WITH THESE PROCEDURES.

EACH HOLDER OF AN IMPAIRED CLAIM OR INTEREST ENTITLED TO VOTE SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY BEFORE CASTING A BALLOT. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS

OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT ASSUME THAT THERE HAVE BEEN NO CHANGES IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE HEREOF UNLESS SO SPECIFIED. THE DEBTORS AND THEIR PROFESSIONALS DO NOT UNDERTAKE ANY OBLIGATION, EXPRESS OR IMPLIED, TO UPDATE OR OTHERWISE REVISE ANY PROJECTIONS OR INFORMATION DISCLOSED HEREIN TO REFLECT ANY CHANGES ARISING AFTER THE DATE HEREOF OR TO REFLECT FUTURE EVENTS, EVEN IF ANY ASSUMPTIONS CONTAINED HEREIN ARE SHOWN TO BE IN ERROR.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125(g) OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. ALL PERSONS HOLDING CLAIMS AGAINST OR INTERESTS IN THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN WILL GOVERN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS, THE REORGANIZED DEBTORS, THE NEW HOLDING COMPANIES OR ANY OTHER PERSON. EACH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS WITH RESPECT TO ANY MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE PLAN AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY.

THE DEBTORS' BOARDS OF DIRECTORS HAVE APPROVED THE PLAN AND RECOMMEND THAT THE HOLDERS OF CLAIMS AND INTERESTS IN ALL IMPAIRED CLASSES ENTITLED TO VOTE (CLASSES 2(a)-(f), 4(a)-(b), 5(a)-(b), 5(g), 6(a), 7(a)-(b), 7(g), 8(a), 8(g) AND 9(g)) VOTE TO ACCEPT THE PLAN.

THE DEBTORS INTEND TO OBTAIN CONFIRMATION OF THE PLAN BY THE BANKRUPTCY COURT AND TO CAUSE THE EFFECTIVE DATE TO OCCUR PROMPTLY AFTER CONFIRMATION OF THE PLAN. THERE CAN BE NO ASSURANCE, HOWEVER, AS TO WHEN AND WHETHER CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE ACTUALLY WILL OCCUR. THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT, SOME OF WHICH MAY NOT BE SATISFIED. SEE ARTICLE XIII – "CONDITIONS PRECEDENT TO CONSUMMATION," AND SECTION XIII.A.2. –

"CONDITIONS TO EFFECTIVE DATE." THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED OR WAIVED.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS (INCLUDING, WITHOUT LIMITATION, THOSE HOLDERS OF CLAIMS AND INTERESTS THAT DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN OR THAT ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

ACCEPTANCE OF THE PLAN BY HOLDERS OF CLAIMS AND INTERESTS WILL BE DEEMED TO CONSTITUTE APPROVAL OF THE SENIOR MANAGEMENT GLOBAL SETTLEMENT AND THE KEY EMPLOYEE INCENTIVE PLAN FOR PURPOSES OF SECTIONS 162(m) AND 422 OF THE INTERNAL REVENUE CODE OF 1986 AS AMENDED, AND ANY SIMILAR LAW IN ANY FOREIGN COUNTRY.

IF THE RESTRUCTURING OF INDEBTEDNESS CONTEMPLATED BY THE PLAN IS NOT APPROVED AND CONSUMMATED, THERE CAN BE NO ASSURANCE THAT THE DEBTORS WILL BE ABLE TO EFFECTUATE AN ALTERNATIVE FINANCIAL RESTRUCTURING OR SUCCESSFULLY EMERGE FROM THE CHAPTER 11 CASES, AND SOME OR ALL OF THE DEBTORS MAY BE FORCED INTO A LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE OR UNDER THE LAWS OF OTHER COUNTRIES, INCLUDING THE CAYMAN ISLANDS. AS REFLECTED IN THE LIQUIDATION ANALYSIS, THE DEBTORS BELIEVE THAT IF THEY ARE LIQUIDATED UNDER CHAPTER 7 OR OTHERWISE, THE VALUE OF THE ASSETS AVAILABLE FOR PAYMENT OF CREDITORS WOULD BE SIGNIFICANTLY LOWER THAN THE VALUE OF THE DISTRIBUTIONS CONTEMPLATED BY AND UNDER THE PLAN.

THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH OR REVIEWED BY, AND THE NEW ARCAPITA SHARES AND NEW ARCAPITA WARRANTS (AS DEFINED BELOW) TO BE ISSUED UNDER THE PLAN WILL NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH, THE SECURITIES AND EXCHANGE COMMISSION (THE "*SEC*") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR FOREIGN COUNTRY UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS OR UNDER THE LAWS OF ANY FOREIGN COUNTRY. THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE OR FOREIGN SECURITIES REGULATORY AUTHORITY, AND NEITHER THE SEC NOR ANY STATE OR FOREIGN SECURITIES REGULATORY AUTHORITY HAS REVIEWED OR APPROVED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE

AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THIS DISCLOSURE STATEMENT CONTAINS PROJECTED FINANCIAL INFORMATION REGARDING THE REORGANIZED DEBTORS AND CERTAIN OTHER FORWARD-LOOKING STATEMENTS, ALL OF WHICH ARE BASED ON VARIOUS ESTIMATES AND ASSUMPTIONS. THE DEBTORS' MANAGEMENT PREPARED THE PROJECTIONS WITH THE ASSISTANCE OF THEIR PROFESSIONALS. THE DEBTORS' MANAGEMENT DID NOT PREPARE THE PROJECTIONS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("***GAAP***") OR INTERNATIONAL FINANCIAL REPORTING STANDARDS ("***IFRS***") OR TO COMPLY WITH THE RULES AND REGULATIONS OF THE SEC OR ANY FOREIGN REGULATORY AUTHORITY.

THE PROJECTIONS AND FORWARD-LOOKING STATEMENTS HEREIN ARE SUBJECT TO INHERENT UNCERTAINTIES AND TO A WIDE VARIETY OF SIGNIFICANT BUSINESS, ECONOMIC, AND COMPETITIVE RISKS, INCLUDING, AMONG OTHERS, THOSE SUMMARIZED HEREIN. SEE ARTICLE XVIII. – "PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN." CONSEQUENTLY, ACTUAL EVENTS, CIRCUMSTANCES, EFFECTS, AND RESULTS MAY VARY SIGNIFICANTLY FROM THOSE INCLUDED IN OR CONTEMPLATED BY THE PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. THEREFORE, THE PROJECTED FINANCIAL AND OTHER FORWARD-LOOKING STATEMENTS ARE NOT NECESSARILY INDICATIVE OF THE FUTURE FINANCIAL CONDITION OR RESULTS OF OPERATIONS OF THE REORGANIZED DEBTORS OR THE NEW HOLDING COMPANIES AND SHOULD NOT BE REGARDED AS REPRESENTATIONS BY THE DEBTORS, THE REORGANIZED DEBTORS, THE NEW HOLDING COMPANIES, THEIR ADVISORS, OR ANY OTHER PERSONS THAT THE PROJECTED FINANCIAL CONDITION OR RESULTS CAN OR WILL BE ACHIEVED.

NEITHER THE DEBTORS' INDEPENDENT AUDITORS NOR ANY OTHER INDEPENDENT ACCOUNTANTS HAVE COMPILED, REVIEWED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE FINANCIAL PROJECTIONS AND THE LIQUIDATION ANALYSIS CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE AS TO SUCH INFORMATION OR ITS ACHIEVABILITY.

THE PROJECTIONS SET FORTH HEREIN ARE PUBLISHED SOLELY FOR PURPOSES OF THIS DISCLOSURE STATEMENT. THE PROJECTIONS ARE QUALIFIED IN THEIR ENTIRETY BY THE DESCRIPTION THEREOF CONTAINED IN THIS DISCLOSURE STATEMENT. THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS WILL PROVE CORRECT OR THAT THE DEBTORS', REORGANIZED DEBTORS' OR NEW HOLDING COMPANIES' ACTUAL RESULTS WILL NOT DIFFER MATERIALLY FROM THE RESULTS PROJECTED IN THIS DISCLOSURE STATEMENT. SOME

ASSUMPTIONS INEVITABLY WILL BE INCORRECT; MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTORS PREPARED THE PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AND INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

THE FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN, INCLUDING THOSE ASSOCIATED WITH THE CONSUMMATION AND IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, COMMODITY PRICE FLUCTUATIONS, CURRENCY EXCHANGE RATE FLUCTUATIONS, MAINTENANCE OF GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS AND OTHER MARKET AND COMPETITIVE CONDITIONS.

TABLE OF CONTENTS

I. INTRODUCTION AND SUMMARY OF THE PLAN

Arcapita Bank B.S.C.(c) ("***Arcapita Bank***"), Arcapita Investment Holdings Limited ("***AIHL***"), Arcapita LT Holdings Limited ("***LT Holdings***"), WindTurbine Holdings Limited ("***WTHL***"), AEID II Holdings Limited ("***AEID II Holdings***"), RailInvest Holdings Limited ("***Railinvest***") and Falcon Gas Storage Company, Inc. ("***Falcon***"), as debtors and debtors in possession (collectively, the "***Debtors***"), submit this Disclosure Statement, pursuant to section 1125 of the Bankruptcy Code, to Holders of Claims and Interests in connection with (a) the solicitation of votes to accept or reject the *Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors under Chapter 11 of the Bankruptcy Code, dated April 25, 2013* (as the same may be amended, modified, or supplemented from time to time, the "***Plan***") which was filed by the Debtors with the United States Bankruptcy Court for the Southern District of New York (the "***Bankruptcy Court***"), and (b) confirmation of the Plan at the confirmation hearing which is scheduled for June 11, 2013 at 11:00 a.m. (prevailing U.S. Eastern time) (as the same may be adjourned or continued from time to time, the "***Confirmation Hearing***"). The Plan incorporates and constitutes a separate chapter 11 Subplan for each of the Debtors. Each Debtor's separate chapter 11 Subplan is designated by a letter (from (a) to (g)). A Uniform Glossary of Defined Terms for Plan Documents, including this Disclosure Statement, is attached as **Appendix A** to the Plan and incorporated herein by reference.

Attached as exhibits to this Disclosure Statement are copies of the following documents: (a) the Plan (**Exhibit A**); (b) the Liquidation Analysis (**Exhibit B**), which sets forth estimated recoveries in a chapter 7 liquidation of the Debtors, as compared to estimated recoveries under the Plan; (c) the Projections (**Exhibit C**), which set forth the analysis and related financial projections showing that, after the Effective Date, the Debtors will be able to fund their ongoing business and debt service obligations and will likely not require further financial reorganization; (d) the Equity Term Sheet (**Exhibit D**), which sets forth a summary of the equity and warrants in, and the corporate governance of, the New Holding Companies and the Reorganized Debtors; (e) a non-final form of the Implementation Memorandum (**Exhibit E**), describing the restructurings, transfers, or other corporate transactions that the Debtors determine to be necessary or appropriate to effect the Restructuring in compliance with the Bankruptcy Code and applicable law and, to the maximum extent possible, in a tax efficient manner; (f) the Exit Facility Term Sheet (**Exhibit F**), which sets forth the terms of the Exit Facility; (g) the SCB Term Sheet (**Exhibit G**), which sets forth the terms of the New SCB Facility; (h) the Sukuk Facility Term Sheet, which sets forth the terms of the Shari'ah compliant Mudaraba sukuk to be issued to certain creditors under the Plan (**Exhibit H**); (i) the Creditor Release (**Exhibit I**), which constitutes the applicable Claimant's acknowledgment and agreement that all Claims, demands, liabilities, other debts against or Interests in the Debtors (other than those created by the Plan) have been discharged and enjoined in accordance with Article IX of the Plan; (j) the Senior Management Global Settlement Term Sheet (**Exhibit J**); (k) the Shareholder Acknowledgment and Assignment (**Exhibit K**); (l) the Syndication Companies and Reorganized Arcapita Settlement Term Sheet (**Exhibit L**); and (m) a sensitivity analysis which compares Plan recoveries to Certain creditor classes under alternative portfolio disposition scenarios (**Exhibit M**). In addition, for those Holders of Claims or Interests entitled to vote under the Plan, a Ballot (together with voting instructions) for the acceptance or rejection of the Plan is separately enclosed.

The Plan represents a compromise and settlement of various significant Claims against the Debtors, including but not limited to certain Claims of the Debtors against each other, and seeks to preserve the value of the Debtors for their Creditors and Holders of Interests. The Plan is the product of months of extensive negotiations between the Debtors, the official committee of unsecured creditors (the "***Committee***") for the Chapter 11 Cases, the JPLs (as defined below) and an unofficial group of significant holders of the Debtors' Syndicated Facility debt (the "***Ad Hoc Group***"). For the reasons described herein, and in the accompanying Committee Support Letter, the Debtors, the Committee and the Ad Hoc Group encourage all creditors to support confirmation of the Plan by the Bankruptcy Court.

THE DEBTORS, THE COMMITTEE, AND THE AD HOC GROUP BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERIES TO THE DEBTORS' CREDITORS AND HOLDERS OF INTERESTS AND THE BEST POSSIBLE PROSPECT FOR THE DEBTORS' SUCCESSFUL REORGANIZATION. THE DEBTORS, THE COMMITTEE, AND THE AD HOC GROUP, THEREFORE, BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY CLASS OF CREDITORS AND HOLDERS OF INTERESTS AND URGE ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are (i) "Impaired" by a plan of reorganization and (ii) entitled to receive a distribution under such plan are entitled to vote on the Plan. Only Claims or Interests in Classes 2(a)-(f), 4(a)-(b), 5(a)-(b), 5(g), 6(a), 7(a)-(b), 7(g), 8(a), 8(g) and 9(g) are Impaired by and entitled to receive a distribution under the Plan, and only the Holders of Claims or Interests in those Classes are entitled to vote to accept or reject the Plan, *provided*, *however*, that making the Convenience Class Election constitutes a vote to accept the Plan. Claims or Interests in Classes 1(a)-(g), 3(a)-(g), 5(c)-(f), 7(c)-(f) and 9(b)-(f) are Unimpaired by the Plan, and the Holders of Claims or Interests in such Classes are conclusively presumed to have accepted the Plan. Claims in Classes 10(a) and 10(g) are impaired and, because they receive no distribution under the Plan, Holders of such Classes are deemed to have rejected the Plan and are not entitled to vote on the Plan. Holders of Interests in Class 9(a) are either Unimpaired by the Plan, and are presumed to accept the Plan, or, in certain circumstances described herein, will receive no distribution under the Plan and are deemed to have rejected the Plan. Holders of Interests in Class 9(a) are not entitled to vote on the Plan.

By an order dated April 26, 2013, the Bankruptcy Court (i) approved this Disclosure Statement, (ii) approved the procedures by which the Debtors will seek solicitation of votes to accept the Plan, and by which parties in interest may object to the confirmation of the Plan, (iii) approved the form and manner of the notice of Confirmation Hearing Notice, and (iv) set the Confirmation Hearing for June 11, 2013, at 11:00 a.m. (prevailing U.S. Eastern Time) [Docket No. 1045].

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the rationale for the Debtors' decision to seek chapter 11 protection, significant events that have occurred or are expected to occur during the Chapter 11 Cases, and the anticipated organization, operations, and liquidity of the Reorganized Debtors

upon successful emergence from chapter 11. This Disclosure Statement also describes certain terms and provisions of the Plan, certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan and the securities to be issued in connection therewith, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders entitled to vote under the Plan must follow for their votes to be counted.

This Disclosure Statement describes certain aspects of the Plan, the Debtors' operations, the Debtors' projections, and other related matters. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS, APPENDICES, AND SCHEDULES HERETO AND THERETO IN THEIR ENTIRETY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN IS CONTROLLING. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE TERMS OF THE CONFIRMATION ORDER, THE CONFIRMATION ORDER IS CONTROLLING.

A. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for similarly situated holders of claims and equity interests, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the debtor's legal and equitable interests in property as of the commencement of the chapter 11 case. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any issuer of securities under the plan, any person acquiring property under the plan, any holder of a claim against or equity interest in a debtor and all other persons as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code, to the terms and conditions of the confirmed plan. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan provides for the treatment of claims and equity interests in accordance with the terms of the confirmed plan and discharges a debtor from its prepetition obligations.

After a plan of reorganization has been filed, certain holders of claims against and interests in a debtor are permitted to vote to accept or reject the plan. Prior to soliciting acceptances of a proposed chapter 11 plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the chapter 11 plan. The purpose of this Disclosure Statement, submitted in accordance with the requirements of section 1125 of the Bankruptcy Code, is to provide such information.

B. PURPOSE AND EFFECT OF THE PLAN TRANSACTIONS

The transactions contemplated by the Plan will (i) provide sufficient working capital to fund the Debtors' emergence from chapter 11, and appropriately capitalize the Reorganized Debtors and the New Holding Companies formed pursuant to the Plan (collectively, with their non-Debtor affiliates, the "***Reorganized Arcapita Group***"), and (ii) facilitate the implementation of the Reorganized Arcapita Group's business plan, which consists primarily of the management of the orderly wind-down of the Debtors' existing portfolio of investment assets pursuant to the Business Plan (as defined below). (*See* the assumptions underlying the financial projections contained in Exhibit C for a more detailed description of the Debtors' Business Plan). The Debtors believe that, under the circumstances, the managed disposition of the Debtors' existing portfolio of assets contemplated by the Plan offers the best possible recovery to the Debtors' creditor body. Any available alternative to Confirmation of the Plan, such as conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, liquidation or administration proceedings under the laws of the Cayman Islands, Bahrain or any other non-U.S. jurisdiction, would meaningfully diminish the value of the Debtors' business and assets, result in significant delays, litigation and additional costs, and substantially lower the recoveries for Holders of Allowed Claims and Interests.

1. Overview of Restructuring

The Debtors' assets primarily consist of investments in operating companies and other portfolio assets (including interests in joint ventures). Approximately 70% of the Debtors' investments, by number, relate to operating companies or other portfolio assets in which the Debtors hold, directly or indirectly, only minority equity interests; the balance of the Debtors' investments relate to operating companies or other portfolio assets in which the Debtors hold, directly or indirectly, 50% or more of the interests. The Debtors expect that properly timed exits from these investments will maximize the value for existing creditors.

The Plan proposes to establish a new Cayman Islands holding company ("***New Arcapita Topco***") which will own and control a series of newly formed intermediate Cayman Islands, Delaware and potentially Bahraini holding company subsidiaries (collectively with New Arcapita Topco, the "***New Holding Companies***"). The New Holding Companies will own, directly or indirectly, 100% of the Debtors' assets. In exchange for their Allowed Claims, the majority of the Debtors' unsecured creditors (as described more fully below) will receive a Pro Rata Share of a new Shari'ah compliant Sukuk facility (the "***Sukuk Facility***"), which will be on the terms described below and in the Exhibits attached hereto, substantially all of the equity of the New Holding Companies and certain warrants issued by New Arcapita Topco (as defined below).

The Reorganized Arcapita Group, with the assistance of AIM (as defined below), will wind down its operations and will not seek out new investors or investments. Rather, the Reorganized Arcapita Group will make distributions from the exits of its investments which will occur in a manner, and at a time, that maximizes returns and is consistent with the terms of the Cooperation Agreement (as defined below). In that regard, the Business Plan provides for the retention of AIM, a newly formed investment management company, which is expected to employ certain members of the Senior Management of the Debtors, to manage the investment

assets on a day-to-day basis. The Debtors believe that the sale cooperation and other agreements embodied in the Cooperation Agreement, coupled with the retention of AIM to manage the portfolio assets, will help ensure that the wind-down occurs successfully and efficiently.

In short, the Plan effects a structural and financial reorganization of the Debtors that affords the Reorganized Arcapita Group sufficient liquidity and control to exit its current portfolio of investments in a reasonable time frame designed to maximize value. The Plan contemplates that all proceeds allocable to the Reorganized Arcapita Group resulting from exited portfolio assets, except for any working capital cash needs of the Reorganized Arcapita Group, will be used first to repay the New Murabaha Facilities (as defined below) and the Sukuk Facility, in accordance with their terms, and thereafter to make distributions in respect of the equity of the Reorganized Arcapita Group.

The Plan accomplishes the goals outlined above through the following transactions[1]:

- Certain Reorganized Debtors (other than Falcon), certain New Holding Companies and/or certain other members of the Arcapita Group will enter into a Murabaha exit facility with a cost price of approximately $250 million (the "***Exit Facility***"), the proceeds of which will be used to pay in full the Claims arising from the DIP Facility, to provide working capital and, potentially, to effectuate a take-out of the SCB Facility.[2]

- Standard Chartered Bank ("***SCB***") will receive, in satisfaction of the Debtors' obligations under the SCB Facilities, a new Murabaha facility (the "***New SCB Facility***," and together with the Exit Facility, the "***New Murabaha Facilities***"); *provided*, *however*, that the Plan may be amended to provide SCB with cash in lieu of the New SCB Facility, which distribution will be funded through an upsize of the Exit Facility.

- Holders of Allowed Claims against Arcapita Bank will receive, in the aggregate, (i) 15% of the Sukuk Obligations, (ii) 45% of the New Arcapita Class A Shares, and (iii) 97.5% of the New Arcapita Ordinary Shares (subject to dilution by the New Arcapita Warrants), which such distribution shall be allocated as follows:

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[1] Percentages set forth in this "Overview of Restructuring" are based upon a midpoint range of the likely final Allowed amounts of Syndicated Facility Claims, Arcsukuk Claims and General Unsecured Claims against Arcapita Bank and AIHL, as estimated by the Debtors and their Professionals. For purposes of this summary description, the Debtors have assumed that (i) all holders of Allowed General Unsecured Claims against Arcapita Bank in the amount of approximately $175,000 or less will opt to participate in the Convenience Class Election, and (ii) the Bankruptcy Court has not entered a final order avoiding the AIHL guarantee of the Arcsukuk Facility and disallowing the corresponding Class 4(b) Claims of the Holders of Arcsukuk Claims. Actual percentages allocable to each Class of Claims may vary significantly from the estimated percentages set forth herein.

[2] The Exit Facility may be upsized to a cost price of approximately $350 million, if and to the extent necessary, with the consent of the Committee, to fund a take-out of the SCB Facility. The impact of any such take-out, if it occurs, will be set forth in the final Projections filed with the Plan Supplement.

- Holders of Allowed Claims against Arcapita Bank arising from the Syndicated Facility and the Arcsukuk Facility will receive their Pro Rata Share of:

    - 6.5% of the Sukuk Obligations; and

    - 19.6% of the New Arcapita Class A Shares.

- Holders of Allowed General Unsecured Claims against Arcapita Bank will receive their Pro Rata Share of:

    - 8.5% of the Sukuk Obligations;

    - 25.4% of the New Arcapita Class A Shares; and

    - 97.5% of the New Arcapita Ordinary Shares (subject to dilution by the New Arcapita Warrants).

    Provided, *however*, that each such Holder will have the option to (i) waive its right to the foregoing distribution and (ii) receive, in full satisfaction of all of such Holder's Allowed General Unsecured Claims against Arcapita Bank, cash in an amount equal to 50% of the lesser of (A) its aggregate Allowed General Unsecured Claims against Arcapita Bank, or (B) $25,000 (the "***Convenience Class Election***"). The aggregate Cash consideration payable to Holders of Allowed Convenience Claims shall not exceed $9,700,000 and the Cash consideration payable to each Holder of an Allowed Convenience Claim shall be reduced proportionately to the extent aggregate payments would otherwise exceed such amount.[3] Making the Convenience Class Election shall constitute a vote to accept the Plan. The Convenience Class Election shall only be effective if the Effective Date occurs.

- Holders of Allowed Claims against AIHL will receive their Pro Rata Share of (i) 85% of the Sukuk Obligations, (ii) 55% of the New Arcapita Class A Shares, (iii) 2.5% of the New Arcapita Ordinary Shares (subject to dilution by the New Arcapita Warrants), and (iv) 100% of the New Arcapita Creditor Warrants (the "***AIHL Consideration***").

- Holders of Allowed General Unsecured Claims against Falcon will receive their Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate Allowed General Unsecured Claims against Falcon, by (ii) the aggregate Allowed General Unsecured Claims and aggregate Allowed Intercompany Claims against Falcon. "Falcon

[3] If the Debtors' assumptions described in Footnote 1 are accurate, this $9,700,000 cap should not limit distributions with respect to Allowed Convenience Claims.

Available Cash" is generally any Cash held or realized by Falcon which is not necessary for the payment of senior Claims asserted against Falcon or the payment of the ongoing costs and expenses of Falcon (including the funds necessary to carry out the provisions of the Plan with respect to Falcon and to defend litigation claims brought against Falcon) after the Effective Date.

- Holders of Allowed Intercompany Claims, other than Intercompany Claims owed by Arcapita Bank, AIHL or Falcon, will be Reinstated. Intercompany Claims owed by Arcapita Bank and AIHL will be resolved as part of the overall settlement between Arcapita Bank and AIHL implemented by the Plan. Pursuant to such resolution, each such Intercompany Claim owed by Arcapita Bank or AIHL will be Allowed and will receive, in full satisfaction thereof, the sum of $100 in Cash. Holders of Allowed Intercompany Claims owed by Falcon will receive their Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate Allowed Intercompany Claims against Falcon by (ii) the aggregate Allowed General Unsecured Claims and aggregate Allowed Intercompany Claims against Falcon. For the avoidance of doubt, Claims of Falcon against any other Debtor are not Intercompany Claims.

- Holders of Allowed Subordinated Claims against Arcapita Bank, will, in full satisfaction, release, and discharge of and in exchange for their Subordinated Claim, receive their Pro Rata Share of the Subordinated Claim Warrants; *provided*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Arcapita Bank are Reinstated, or (ii) the Holders of a majority of Shares in Arcapita Bank ("***Arcapita Bank Shares***") do not agree to transfer such Shares to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended, provided that the Committee waives the condition precedent to the Effective Date of the Plan requiring a majority of Arcapita Bank Shares be transferred, to provide that Holders of Allowed Subordinated Claims against Arcapita Bank will not receive any Distributions or retain any property on account of such Claims.

  The Subordinated Claim Warrants, together with the Transferring Shareholder Warrants described below, constitute the New Arcapita Shareholder Warrants. The issuance of the Subordinated Claim Warrants shall dilute the ultimate recovery of the Holders of Interests in Arcapita Bank who elect to transfer their Arcapita Bank Shares to New Arcapita Bank Holdco, and the issuance of the Transferring Shareholder Warrants shall dilute the ultimate recovery of Holders of Subordinated Claims against Arcapita Bank. The percentage of New Arcapita Shareholder Warrants available for distribution to Holders of Subordinated Claims against Arcapita Bank is calculated by dividing (i) the aggregate amount of Allowed Subordinated Claims against Arcapita Bank, by (ii) the aggregate amount of Allowed Subordinated Claims against Arcapita Bank plus $1,634,446,889. The approximately $1.63 billion dollar value

utilized in the foregoing calculation is based upon the median issuance price of the Arcapita Bank Shares over the five-year period preceding the Petition Date multiplied by the total number of outstanding Arcapita Bank Shares on the Petition Date. This median price ($5.25) reflects the average price per share paid by Holders of Arcapita Bank Shares.

- Holders of Allowed Subordinated Claims against Falcon will not receive any Distribution in respect of such Claims unless all Allowed Other Priority Claims, Other Secured Claims, General Unsecured Claims, and Intercompany Claims against Falcon are satisfied in full. In such event, any Holder of Allowed Subordinated Claims against Falcon will receive its Pro Rata Share of a percentage of the remaining Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate amount of Subordinated Claims against Falcon by (ii) the aggregate amount of Subordinated Claims against Falcon plus $70,000,000 (which amount represents the approximate equity value of Falcon immediately following the Nortex Sale as described below in Section V.H.1. hereof minus the amounts that have been distributed to Falcon's shareholders).

- Holders of Interests in the Debtors, other than Falcon, will be Reinstated and, (i) with respect to Interests in Arcapita Bank, each Holder of an Arcapita Bank Share will be entitled to receive, in exchange for transferring all Arcapita Bank Shares held by such Holder to New Arcapita Bank Holdco and as provided in the Implementation Memorandum, a Pro Rata Share of the Transferring Shareholder Warrants, *provided*, *however*, that if either (a) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that the Interests in Arcapita Bank are Reinstated, or (b) the Holders of a majority of Arcapita Bank Shares do not agree to transfer such Shares to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended, provided that the Committee waives the condition precedent to the Effective Date of the Plan requiring a majority of Arcapita Bank Shares be transferred, to provide that all Interests in Arcapita Bank will be cancelled and all rights and interests therein will be terminated as of the Effective Date and new Shares in Arcapita Bank will be issued to New Arcapita Bank Holdco; and (ii) with respect to Shares in LT Holdings, transferred to New Arcapita Holdco 2 as provided in the Implementation Memorandum.

  As described above, the Transferring Shareholder Warrants, together with the Subordinated Claim Warrants, constitute the New Arcapita Shareholder Warrants. The issuance of the Transferring Shareholder Warrants shall dilute the ultimate recovery of the Holders of Subordinated Claims against Arcapita Bank, and the issuance of the Subordinated Claim Warrants shall dilute the ultimate recovery of Transferring Shareholders (as defined below). The percentage of New Arcapita Shareholder Warrants available for distribution to Transferring Shareholders is calculated by dividing (i) $1,634,446,889, by (ii) the aggregate amount of Allowed Subordinated Claims against Arcapita Bank

plus $1,634,446,889. The approximately $1.63 billion dollar value utilized in the foregoing calculation is based upon the median issue price of the Arcapita Bank Shares over the five-year period preceding the Petition Date multiplied by the total number of outstanding Arcapita Bank Shares on the Petition Date. This median price ($5.25) reflects the average price per share paid by Holders of Arcapita Bank Shares.

- Interests in Falcon will not receive any Distribution in respect of such Interests unless all Allowed Other Priority Claims, Other Secured Claims, General Unsecured Claims, and Intercompany Claims against Falcon are satisfied in full, in which event any Holder of such Interests will be entitled to receive its Pro Rata Share of a percentage of any remaining Falcon Available Cash equal to the quotient obtained by dividing (i) $70,000,000, by (ii) the aggregate amount of Allowed Subordinated Claims against Falcon plus $70,000,000 (which amount represents the approximate equity value of Falcon immediately following the Nortex Sale as described below in Section V.H.1 hereof minus the amounts that have been distributed to Falcon's shareholders).

- Holders of Allowed Super-Subordinated Claims against Arcapita Bank and Falcon will not receive any Distributions on account of such Claims.

As described further in the Plan, receipt of the above outlined Distributions are subject to the compliance by the recipient of any such Distribution with certain requirements and pre-requisites, including but not limited to compliance with the Distribution Procedures (which, in certain instances and to the extent permitted by applicable law, requires the execution of a Creditor Release).

To the extent that any Holder entitled to receive Sukuk Obligations, New Arcapita Shares or New Arcapita Warrants is a U.S. person (as that term is defined under Regulation S, promulgated under the Securities Act) that is not (i) a Qualified Purchaser (as that term is defined in Rule 2a51-1, promulgated under the Investment Company Act), or (ii) a Knowledgeable Employee (as that term is defined in Rule 3c-5, promulgated under the Investment Company Act) (such person, a "***Non-Eligible Claimant***"), then the consideration distributable to that Holder will be liquidated by the Disbursing Agent and the Holder will receive the proceeds of the liquidation in lieu of its Plan Distribution. Any reference in this Disclosure Statement to the consideration distributable to Holders of the aforementioned Claims is qualified in its entirety by this provision.

As discussed in greater detail in Section VI.B. below, the Plan, and the distribution provisions set forth therein, reflect the compromise and settlement of a number of potential disputes (i) between and among the Debtors, and (ii) between the Debtors and certain third-parties (collectively, the "***Plan Settlements***"). Each of the potential disputes (the "***Potential Plan Disputes***") which, as resolved, comprise the Plan Settlements have been investigated by the Debtors and extensively discussed with the Committee, the JPLs and their respective professionals. Based upon a consideration of the rights of the relevant parties with respect to each of the Potential Plan Disputes and the global resolution incorporated into the Plan

Settlements, the allocation of value and the distribution provisions set forth in the Plan have been negotiated and agreed by and between the members of the Committee and approved by the Debtors.

The Potential Plan Disputes include, but are not limited to the:

1) allocation among the Debtors of the net value to be received from future exits of the Debtors' portfolio of investment assets;

2) allocation among the Debtors of administrative expenses incurred during, or as a result of, the Chapter 11 Cases;

3) treatment of SCB's Claims;

4) dispute between Arcapita Bank and AIHL with respect to the prepetition transactions related to the Lusail Joint Venture (as defined below);

5) risk of substantive consolidation of some or all of the Debtors;

6) treatment of certain intercompany balances owing between Debtor entities;

7) value of Arcapita Bank's control over portfolio investments, as represented by revocable proxies and administration agreements;

8) dispute (i) between Arcapita Bank and AIHL with respect to the characterization of Arcapita Bank's lease for the building and land on which its Bahraini headquarters are located (the "***HQ Lease***"), and (ii) related to the treatment of the HQ Lease pursuant to section 365 of the Bankruptcy Code and the related claims of the AHQ Cayman I Investors (as defined below);

9) issues between the Debtors and the Syndication Companies (as defined below), and their investors, related to the following, among other things:

   a) cooperation in the disposition of jointly owned investment assets;

   b) management issues related to jointly owned investment assets;

   c) the rights and obligations of the Debtors and the Syndication Companies and their investors relative to the investment assets; and

   d) Claims of these parties against each other;

10) value of any Avoidance Actions held by the Debtors, including claims against the Placement Banks (as defined below); and

11) treatment of certain claims of Senior Management.

A discussion of the Potential Plan Disputes and the Plan Settlements is included in Section VI.B. below. The Debtors believe that the Plan Settlements represent a fair and

reasonable compromise with respect to each of the Potential Plan Disputes and, taken as a whole, fall well within the range of reasonableness required for approval of settlements in chapter 11 cases. As provided in section 1123(b)(3) of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules, the Plan, through the Plan Settlements embodied therein, settles each of the Potential Plan Disputes.[4]

2. Implementation of Restructuring

Because the Debtors are U.S., Cayman Islands and Bahraini entities, significant attention has been given to implementation of the Restructuring in a manner that, to the extent necessary, complies with the laws of these jurisdictions. The Implementation Memorandum describes the implementation procedures, transactions and mechanics to effectuate the Restructuring. These procedures and mechanics not only put in place the post-Effective Date structure of the Reorganized Arcapita Group and ensure that the Restructuring is accomplished in as tax efficient a manner as is possible, they also enhance the ability to enforce the provisions of the Plan on a world-wide basis after the Effective Date.

a. Issuance of Sukuk Obligations

On the Effective Date, certain of the New Holding Companies and/or certain of the Reorganized Debtors (other than Falcon) will enter into the Sukuk Facility. The Sukuk Facility, which will be a Shari'ah compliant Mudaraba sukuk, will have a cost price of up to $550 million and a profit rate of 12% per annum; 85% of the Sukuk Obligations will be issued to Holders of Allowed General Unsecured Claims, Allowed Syndicated Facility Claims and Allowed Arcsukuk Claims against AIHL, and 15% of the Sukuk Obligations will be issued to Holders of Allowed General Unsecured Claims, Allowed Syndicated Facility Claims and Arcsukuk Claims against Arcapita Bank. The Sukuk Facility will be unsecured and will be subordinated in payment to the New Murabaha Facilities. Pursuant to U.S. securities laws, the Sukuk Obligations will not be transferable to Non-Eligible Claimants.

The principal terms of the Sukuk Facility are set forth in the Sukuk Facility Term Sheet attached hereto as Exhibit H. The definitive documents evidencing the Sukuk Facility will be filed in the Plan Supplement.

b. Issuance of New Arcapita Topco Equity Interests and New Arcapita Warrants

As provided in the Implementation Memorandum, New Arcapita Topco will be a newly formed Cayman Islands entity which will be the ultimate top-tier New Holding Company.

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[4] Notwithstanding the discussion in this Disclosure Statement relative to the Potential Plan Disputes and Plan Settlements, the information and statements contained herein shall not constitute or be construed as an admission of any fact or liability, stipulation, or waiver by the Debtors. Such discussions and legal analyses are solely intended to identify the issues and potential risks associated with the various competing arguments that inform the Plan Settlements.

New Arcapita Topco will issue the New Arcapita Class A Shares, the New Arcapita Ordinary Shares, the New Arcapita Creditor Warrants and the New Arcapita Shareholder Warrants.[5]

The New Arcapita Class A Shares will be senior preference shares which will rank senior to the New Arcapita Ordinary Shares.[6] The New Arcapita Class A Shares will be issued in two separate classes: (i) Class A-1 senior preference shares (the "***New Arcapita AIHL Class A Shares***") and (ii) Class A-2 senior preference shares (the "***New Arcapita Bank Class A Shares***"). The New Arcapita AIHL Class A Shares will represent 55% of the New Arcapita Class A Shares and will be issued to Holders of Allowed General Unsecured Claims, Allowed Syndicated Facility Claims and Allowed Arcsukuk Claims against AIHL. The New Arcapita Bank Class A Shares will represent 45% of the New Arcapita Class A Shares and will be issued to Holders of Allowed General Unsecured Claims, Allowed Syndicated Facility Claims and Allowed Arcsukuk Claims against Arcapita Bank. The New Arcapita AIHL Class A Shares and New Arcapita Bank Class A Shares will have identical terms, other than with respect to voting control related to the selection of directors to the New Board of New Arcapita Topco. The respective voting rights of the New Arcapita AIHL Class A Shares and the New Arcapita Bank Class A Shares are described below in Section I.B.7.

The New Arcapita Class A Shares will have an aggregate liquidation preference of $810 million (the "***Liquidation Preference***"). The Liquidation Preference will be paid, from time to time, through redemptions of the New Arcapita Class A Shares. Notwithstanding the foregoing, no redemptions of the New Arcapita Class A Shares will be made until the New Murabaha Facilities and the Sukuk Obligations have been paid in full. The New Arcapita Class A Shares are redeemable in such number of installments as the board of directors of New Arcapita Topco may determine, pro rata, with the payment of the Liquidation Preference. Upon payment in full of the Liquidation Preference, all of the New Arcapita Class A Shares will have been redeemed and will no longer be outstanding or have any economic or voting rights. The amount of the Liquidation Preference is an integral part of the global Plan Settlements that establishes the distribution scheme of the Plan, and is intended to provide payment in full to Holders of Allowed Claims against AIHL upon its satisfaction.

The New Arcapita Ordinary Shares will be ordinary shares issued by New Arcapita Topco which will rank junior to the New Arcapita Class A Shares. The New Arcapita Ordinary Shares will be issued in two separate classes: (i) Class A ordinary shares (the "***New Arcapita AIHL Ordinary Shares***") and (ii) Class B ordinary shares (the "***New Arcapita Bank Ordinary Shares***"). The New Arcapita AIHL Ordinary Shares will represent 2.5% of the New Arcapita Ordinary Shares and will be issued to Holders of Allowed General Unsecured Claims,

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[5] As noted below, the New Arcapita Shareholder Warrants will not be issued if (A) the Bankruptcy Court determines that the Plan cannot be confirmed because Interests in Arcapita Bank are Reinstated, or (B) the Holders of a majority of Arcapita Bank Shares do not agree to transfer their Arcapita Bank Shares to New Arcapita Bank Holdco in exchange for the Transferring Shareholder Warrants prior to the Effective Date.

[6] The Debtors will use their best efforts to ensure that the New Arcapita Class A Shares are Shari'ah compliant. Among other things, the terms of the New Arcapita Class A Shares may be modified as necessary to ensure compliance with the principles of Shari'ah, provided, however, that no such modifications shall materially and adversely impair the rights conferred by such New Arcapita Class A Shares.

Allowed Syndicated Facility Claims and Allowed Arcsukuk Claims against AIHL. The New Arcapita Bank Ordinary Shares will represent 97.5% of the New Arcapita Ordinary Shares and will be issued to Holders of Allowed General Unsecured Claims against Arcapita Bank.[7] The New Arcapita AIHL Ordinary Shares and New Arcapita Bank Ordinary Shares will have identical terms, other than with respect to voting control related to the selection of directors to the New Board of New Arcapita Topco. The respective voting rights of the New Arcapita AIHL Ordinary Shares and the New Arcapita Bank Ordinary Shares are described below in Section I.B.7.

No distributions or dividends will be paid with respect to the New Arcapita Ordinary Shares until the New Arcapita Class A Shares have been fully redeemed through payment in full of the Liquidation Preference. The New Arcapita Ordinary Shares are subject to dilution and adjustment from time to time upon the exercise of the New Arcapita Creditor Warrants and the New Arcapita Shareholder Warrants (if issued) occurring after the Effective Date.

The New Arcapita Creditor Warrants issued by New Arcapita Topco will be distributed to Holders of Allowed General Unsecured Claims, Allowed Syndicated Facility Claims and Allowed Arcsukuk Claims against AIHL. In the aggregate, the New Arcapita Creditor Warrants will entitle the holders thereof to purchase up to 47.5% of the New Arcapita Ordinary Shares, subject to potential dilution by the New Arcapita Shareholder Warrants. The New Arcapita Creditor Warrants will expire ten years after the Effective Date of the Plan, will be subject to customary anti-dilution adjustments (except for dilution relative to the New Arcapita Shareholder Warrants) and will bear an exercise price of one one-hundredth of a cent ($0.0001) per share. The New Arcapita Creditor Warrants will not be exercisable until an aggregate of $1,425 million in dividends or other distributions have been made in respect of the New Arcapita Ordinary Shares (the "***Dividend Threshold***"). The amount of the Dividend Threshold is an integral part of the global Plan Settlements that establishes the distribution scheme of the Plan, and is intended to provide payment in full to Holders of Allowed Claims against Arcapita Bank upon its satisfaction. Upon the exercise of the New Arcapita Creditor Warrants, the Allowed Creditors of Arcapita Bank who are not the beneficiaries of a guarantee from AIHL, on the one hand, and the Allowed Creditors of AIHL, on the other hand, will each own, in the aggregate, 50% of the then outstanding equity in New Arcapita Topco. This equity ownership, which is subject to dilution by the New Arcapita Shareholder Warrants, is intended to provide such Creditors with an equitable allocation of future upside potential of the Reorganized Arcapita Group as compensation for the delay and risk associated with such Creditors' investment in the Debtors and their reorganization.

The New Arcapita Shareholder Warrants (together with the New Arcapita Creditor Warrants, the "***New Arcapita Warrants***"), if issued, will be issued by New Arcapita Topco and distributed to Holders of Allowed Subordinated Claims against Arcapita Bank and Transferring Shareholders. In the aggregate, the New Arcapita Shareholder Warrants will entitle the Holders thereof to purchase up to 78 million shares of Class C ordinary shares (the "***New***

[7] To the extent that any Class 4(b) Syndicated Facility Claims or Arcsukuk Claims are Disallowed in whole or in part, Holders of any corresponding Allowed Class 4(a) Syndicated Facility Claims or Arcsukuk Claims shall be entitled to a Pro Rata Share of these New Arcapita Bank Ordinary Shares.

Arcapita Warrant Ordinary Shares"), representing approximately 80% of the New Arcapita Ordinary Shares on a fully diluted basis. The New Arcapita Shareholder Warrants will have the same terms as the New Arcapita Creditor Warrants. The New Arcapita Warrant Ordinary Shares will have identical terms to the New Arcapita AIHL Ordinary Shares and New Arcapita Bank Ordinary Shares, other than with respect to voting control related to the selection of directors to the New Board of New Arcapita Topco. The voting rights of the New Arcapita Warrant Ordinary Shares are described below in Section I.B.7. Notwithstanding the foregoing, the New Arcapita Shareholder Warrants will not be issued if (A) the Bankruptcy Court determines that the Plan cannot be confirmed because Interests in Arcapita Bank are Reinstated, or (B) the Holders of a majority of Arcapita Bank Shares do not agree to transfer their Arcapita Bank Shares to New Arcapita Bank Holdco in exchange for the Transferring Shareholder Warrants prior to the Effective Date.

All of the New Arcapita Shares and New Arcapita Warrants issued pursuant to the Plan will be duly authorized, validly issued and, to the extent applicable, fully paid, and non-assessable. Each distribution and issuance of New Arcapita Shares and New Arcapita Warrants pursuant to the Plan will be governed by applicable Cayman Islands law and the New Governing Documents of New Arcapita Topco, the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions will bind each Person receiving such distribution or issuance. Pursuant to U.S. securities laws, the New Arcapita Shares and New Arcapita Warrants will not be transferable to Non-Eligible Claimants. In addition, solely for the purposes of complying with Shari'ah principles, the New Arcapita Warrants shall only be transferable on a gratuitous basis (without any consideration).

The terms of the New Arcapita Shares and New Arcapita Warrants will be consistent with the Equity Term Sheet attached hereto as Exhibit D, and the definitive documents with respect to the New Arcapita Shares and New Arcapita Warrants will be filed in the Plan Supplement.

c. Corporate Actions

A series of corporate transactions (which are described further in the Implementation Memorandum attached hereto as Exhibit E) will occur prior to, on or subsequent to the Effective Date, resulting in the formation of a new Delaware limited liability company ("***New Arcapita Holdco 2***") and two new Cayman Islands limited liability companies ("***New Arcapita Holdco 1***" and "***New Arcapita Holdco 3***") as subsidiaries of New Arcapita Topco. A new Delaware limited liability company ("***New Arcapita Bank Holdco***") will also be formed as a subsidiary of New Arcapita Topco, among other reasons, to hold the Arcapita Bank Shares to be transferred to New Arcapita Bank Holdco.

In addition, two intermediate holding companies, New Arcapita Bahrain Minorityco (a Cayman Islands limited liability company) and New Bahraini Arcapita Holdco (an entity incorporated in the Kingdom of Bahrain), may be formed as direct subsidiaries to New Arcapita Topco. If formed, these new entities would collectively hold 100% of the equity interests in New Arcapita Holdco 1 and New Arcapita Bank Holdco. The formation of New Arcapita Bahrain Minorityco and New Bahraini Arcapita Holdco, and regulation of New

Bahraini Arcapita Holdco by the CBB (as defined below) and/or the Bahrain Ministry of Industry and Commerce, are subject to an acceptable resolution of the Bahrain structure and CBB and Bahrain Ministry of Industry and Commerce regulatory issues that are presently under discussion.

Through a series of corporate transactions, all of the Assets of Arcapita Bank, (other than its interests in AIHL and Arcapita (HK) Limited), will be transferred to New Arcapita Holdco 3 and Holders of Allowed Claims against Arcapita Bank will receive, in the aggregate, (i) 15% of the Sukuk Obligations, (ii) 45% of the New Arcapita Class A Shares, and (iii) 97.5% of the New Arcapita Ordinary Shares (subject to dilution by the New Arcapita Warrants) allocated as described above.

Pursuant to the Plan and the Implementation Memorandum, New Arcapita Topco will issue the AIHL Consideration and the Sukuk Facility Obligors will enter into the Sukuk Facility, creating the Sukuk Obligations. Upon the approval of the Bankruptcy Court in the Confirmation Order and the Cayman Court in the Cayman Order, AIHL will sell all of its Assets to New Arcapita Holdco 2 (the "***AIHL Sale***") in exchange for the assumption by New Arcapita Holdco 2 of the DIP Facility Claims and the SCB Claims[8] and the transfer to AIHL of the AIHL Consideration. Subject to compliance with the New Unsecured Claim Distribution Procedures, AIHL (through the Disbursing Agent) will distribute the Pro Rata Share of the AIHL Consideration to the Holders of Allowed Claims against AIHL. After the completion of the Distribution of the AIHL Consideration to Holders of Allowed Claims against AIHL, AIHL will have no Assets and will be dissolved under Cayman Law.

Pursuant to the Plan, AIHL requests the Bankruptcy Court to approve the AIHL Sale, and authorize the AIHL Subplan to be implemented through the AIHL Sale, as provided in section 1123(a)(5)(D) of the Bankruptcy Code, in exchange for the AIHL Consideration. In addition, AIHL will request the Cayman Court to enter the Cayman Order also approving the AIHL Sale, which as provided in Section XIII.A.2.d., is a condition precedent to the Effective Date. A hearing has tentatively been scheduled before the Cayman Court on May 31, 2013, to consider entry of the Cayman Order. Creditors of AIHL with Allowed Claims will receive a Distribution from AIHL of their Pro Rata Share of the AIHL Consideration in accordance with the Plan and the Cayman Order.

3. Option to Exchange Arcapita Bank Shares For Transferring Shareholder Warrants

Pursuant to the Plan, Holders of Arcapita Bank Shares will have the option of transferring their existing Shares in Arcapita Bank to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants. A condition precedent to the settlements and transactions contemplated by the Cooperation Settlement Term Sheet is that Holders of at least 50.01% of the Arcapita Bank Shares elect to transfer their Shares in exchange for the Transferring Shareholder Warrants, and a condition precedent to the Effective Date of the

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[8] On the Effective Date, the DIP Facility Claims shall immediately be repaid from the proceeds of the Exit Facility, and the SCB Claims shall be fully resolved through either the issuance of the New SCB Facility, or through a take-out from the proceeds of the Exit Facility.

Plan is that the definitive documents implementing the Cooperation Settlement Term Sheet (as defined below), including, without limitation, the Management Services Agreement (as defined below), shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

Any Holder of Arcapita Bank Shares that elects to exercise the option ("***Transferring Shareholder***") and receive the Transferring Shareholder Warrants must comply with the Warrant Distribution Conditions and the Transferring Shareholder will only be entitled to receive the Transferring Shareholder Warrants if each of the Warrant Distribution Conditions is satisfied. The Warrant Distribution Conditions include, among other things, that (i) each Holder of Arcapita Bank Shares electing to become a Transferring Shareholder must deliver a fully executed copy of the Shareholder Acknowledgment and Assignment so that it is actually received by the Balloting and Claims Agent (as defined below) no later than the one year anniversary of the Effective Date, (ii) the Effective Date has occurred, (iii) prior to the Effective Date, Holders of more than 50% of the Shares in Arcapita Bank have executed and returned the Shareholder Acknowledgment and Assignment agreeing to transfer their Shares to New Arcapita Bank Holdco, and (iv) the Bankruptcy Court has confirmed the Plan, including the transaction contemplated by the Shareholder Acknowledgment and Assignment. If (a) the Bankruptcy Court determines that the Plan cannot be confirmed because Interests in Arcapita Bank are Reinstated or, (b) the Holders of a majority of Arcapita Bank Shares fail to submit executed Shareholder Acknowledgment and Assignments prior to the Effective Date, the Plan may be amended, provided that the Committee waives the condition precedent to the Effective Date of the Plan requiring a majority of Arcapita Bank Shares be transferred, to provide that Interests in Arcapita Bank are Impaired under the Plan, in which case all Arcapita Bank Shares will be cancelled and no Distributions of New Arcapita Shareholder Warrants will be made

A blank copy of the Shareholder Acknowledgment and Assignment will be sent to all Holders of Arcapita Bank Shares, as reflected in the transfer ledger or similar register of Arcapita Bank on the Record Date, together with a notice of the Confirmation Hearing and a notice indicating that the Holders of Arcapita Bank Shares are not entitled to vote on the Plan with respect to such Interests (the "***Non-Voting Holder Notice***"). Any Holder that fails to submit a fully executed Shareholder Acknowledgment and Assignment prior to the one year anniversary of the Effective Date will retain its Arcapita Bank Shares, however, such Arcapita Bank Shares are anticipated to have nominal present and future value, and such Holder will not be entitled to receive any Transferring Shareholder Warrants.

4. Exit Facility

On the Effective Date, certain of the Reorganized Debtors (other than Falcon), certain New Holding Companies and/or and certain other members of the Arcapita Group will enter into the Exit Facility. The Debtors expect that the Exit Facility, which will be a Shari'ah compliant secured Murabaha facility, will have (i) a cost price of approximately $250 million,[9] which may be increased to approximately $350 million, if and to the extent necessary, to fund a take-out of the SCB Facility; and (ii) an appropriate profit payment. The proceeds of the Exit

[9] In conventional debt terms, this cost price will yield exit financing in an amount of approximately $250 million. *See also*, Footnote 2.

Facility will be used to pay the Allowed DIP Facility Claims, to provide working capital to the Reorganized Arcapita Group, and if upsized, to fund a take-out of the SCB Facility. Obligations under the Exit Facility will be secured by a first lien on substantially all of the obligors' assets, provided that such liens will be junior to any first liens securing the New SCB Facility. A term sheet setting forth the detailed terms of the Exit Facility will be filed with the Bankruptcy Court no later than April 30[10] and definitive documentation evidencing the Exit Facility will be filed with the Plan Supplement.

5. New SCB Facility

On the Effective Date, certain of the New Holding Companies and/or certain of the Reorganized Debtors (other than Falcon) will enter into the New SCB Facility and, subject to compliance with the New Facility Distribution Procedures, issue the New SCB Facility Obligations to the Holders of the Allowed SCB Claims; *provided*, *however*, that in the event the Exit Facility is upsized to fund the take-out of the SCB Facility, the parties will not enter into the New SCB Facility and the New SCB Facility Obligations will not be issued. The New SCB Facility will have a cost price equal to the amount of the Allowed SCB Claims. The principal terms of the New SCB Facility are set forth in the SCB Term Sheet attached hereto as Exhibit G. The definitive documents evidencing the New SCB Facility will be filed in the Plan Supplement.

6. Certain Unexpired Leases and Executory Contracts

The Plan rejects all of the Debtors' unexpired leases and executory contracts, except those contracts that are specifically listed on the Assumed Executory Contract and Unexpired Lease List. The most significant executory contracts of the Debtors are the HQ Lease and the documents related to the Lusail Land (as defined below). As noted above and in Section VI.B.8. below, treatment and characterization of the HQ Lease is an issue that was closely analyzed by the Debtors, and the Plan Settlements compromise and settle the disputed issues related to the HQ Lease (and the corresponding value allocation) among Arcapita Bank, AIHL, AHQ Cayman I (as defined below) and the AHQ Cayman I Investors. Pursuant to the Plan Settlements, the HQ Lease will be rejected on the Effective Date. Pursuant to a new lease option, Arcapita Bank shall have the option, with the consent of the Committee, which may be exercised no later than the date of the filing of the Plan Supplement, to enter into a new post-Effective Date lease, the terms of which are described below.

The Executory Contracts known as the QRE Letter Agreement, the Lease and the Option (each as defined below – see Section VI.B.4.c. hereof) relate to the Lusail Land. Given the significant present and future value of the Lusail Land, Arcapita Bank, on the Effective Date, will assume these Executory Contracts and assign them to one of the New Holding Companies, which entity will be obligated to perform in accordance with their terms, including the payment of rent due under the Lease, the payments due under the Drawdown Schedule and the payment of the Call Premium (each as defined below); provided, however, that the Debtors will assume and assign the QRE Letter Agreement on modified terms to ensure that no payments will be due to QRE Investments W.L.L. ("***QRE***") unless and until the Lusail Option is exercised or a similar monetization transaction takes place that monetizes the Arcapita Group's interests in the Lusail

[10] A copy of the Exit Facility Term Sheet will be available at http://www.gcginc.com/cases/arcapita.

Land (which modified QRE Letter Agreement will be filed with the Plan Supplement). The Debtors are unaware of any existing default or cure required under the QRE Letter Agreement, the Lease or the Option, or other agreements that are related thereto or a part thereof. In exchange for an acknowledgement by Qatar Islamic Bank Q.S.C. and QInvest LLC, the counterparties to these assumed Executory Contracts, that such Contracts are not in default and valid and enforceable in the hands of New Arcapita Topco, Qatar Islamic Bank Q.S.C. and QInvest LLC will receive a release from any potential Avoidance Actions related to the Lusail Land and the transactions between the Debtors and Qatar Islamic Bank Q.S.C. and QInvest LLC related thereto.

7. Management of the Reorganized Debtors and New Holding Companies

a. Corporate Governance Structure Implemented by the Plan

On the Effective Date, the board of directors of New Arcapita Topco will be appointed pursuant to the selection process described in the Equity Term Sheet attached hereto as Exhibit D, and the Reorganized Debtors and New Holding Companies will appoint new boards of directors (or their equivalents under applicable law) (collectively with the new board of directors of New Arcapita Topco, the "***New Boards***"), and adopt New Governing Documents (together with any other documents evidencing the corporate structure or governance applicable to the Reorganized Debtors and the New Holding Companies, the "***Corporate Structure and Governance Documents***"). The principal terms of the Corporate Structure and Governance Documents are set forth in the Equity Term Sheet, while definitive documents will be substantially in the form filed in the Plan Supplement.

The New Board of New Arcapita Topco will be ultimately responsible for the management of New Arcapita Topco, the New Holding Companies and the Reorganized Debtors. The New Board of New Arcapita Topco will consist of seven members, which members will be designated by the Committee no later than the date of the filing of the Plan Supplement and in the following manner:

- The members of the Committee that hold claims against AIHL will, in consultation with the Ad Hoc Group, designate five directors (each an "***AIHL Director***");
- The members of the Committee that hold claims only against Arcapita Bank will designate one director (the "***Bank Director***"); and
- The six directors designated in the foregoing manner will appoint one director, which director will be designated by the CBB, and will be employed by or otherwise affiliated with the CBB (the "***CBB Director***").

Failing a timely nomination of proposed board members by the members of the Committee, the Debtors will name the members of the New Board of New Arcapita Topco two business days after the date of the filing of the Plan Supplement.

The identity of, initial compensation arrangements for and biographical information regarding, the initial directors of the New Boards, will be set forth in the Plan

Supplement. A schedule of the annual compensation to be paid to persons serving as executives, officers, directors, managers or responsible persons as of the Effective Date that are "insiders" (as defined in the Bankruptcy Code) will be set forth in the Plan Supplement.

b. Post-Effective Date Corporate Governance and Management

As provided in the Corporate Structure and Governance Documents, on and after the Effective Date the business and affairs of the New Holding Companies and the Reorganized Debtors will be managed by their respective boards of directors or managers, and by their officers, directors, managers or other responsible persons.

As described above, the New Board of New Arcapita Topco will initially consist of five AIHL Directors, one Bank Director and one CBB Director on the Effective Date. Following the Effective Date but prior to the Board Redemption Adjustment (as described below), the holders of New Arcapita AIHL Class A Shares will have the authority to remove and replace (directly or indirectly) any AIHL Director, and the holders of New Arcapita Bank Class A Shares will have the authority to remove and replace (directly or indirectly) any Bank Director. The initial composition of the New Board of New Arcapita Topco reflects the relative ownership allocation of the New Arcapita Class A Shares, and takes into consideration that, until the Liquidation Preference is paid in full, at least a majority of the members of the New Board of New Arcapita Topco should be appointed by the Holders of Allowed Claims against AIHL.

The composition of the New Board of New Arcapita Topco, and accordingly, the balance of voting power among the holders of New Arcapita Shares, shall be modified upon the following events:

- Board Redemption Adjustment: Upon the payment in full of the Liquidation Preference, the number of AIHL Directors will be reduced from five to two (removals to be selected by the then current AIHL Directors), and the number of Bank Directors will be increased from one to four (additions to be selected by the then current Bank Director and the CBB Director) (the "***Board Redemption Adjustment***"). Following the Board Redemption Adjustment, but prior to the Board Warrant Adjustment (as defined below), the holders of New Arcapita AIHL Ordinary Shares will have the authority to remove and replace (directly or indirectly) any AIHL Director, and the holders of New Arcapita Bank Ordinary Shares will have the authority to remove and replace (directly or indirectly) any Bank Director. Following the Board Redemption Adjustment, the composition of the New Board of New Arcapita Topco will reflect that the Holders of Allowed Claims against Arcapita Bank will be the primary beneficiaries of excess value realized from the exit of portfolio investments and, accordingly, should appoint a majority of the members of the New Board of New Arcapita Topco.

- Board Warrant Adjustment: Upon the satisfaction of the Dividend Threshold, the composition of the New Board of New Arcapita Topco shall be adjusted, in the manner set forth in the Equity Term Sheet, to provide that at least a majority of the board members will be directors (the "***Warrant Directors***")

designated by holders of New Arcapita Warrant Ordinary Shares (the "***Board Warrant Adjustment***"). Following the Board Warrant Adjustment, the holders of the New Arcapita Warrant Ordinary Shares will have the authority to remove and replace (directly or indirectly) any Warrant Director. Following the Board Warrant Adjustment, the composition of the New Board of New Arcapita Topco will reflect that the Holders of Allowed Subordinated Claims against and Interests in Arcapita Bank will be the primary beneficiaries of excess value realized from the exit of portfolio investments and, accordingly, should appoint a majority of the members of the New Board of New Arcapita Topco.

The Reorganized Arcapita Group will operate pursuant to the laws of Shari'ah. The Management Services Agreement will provide that AIM, one of its controlled subsidiaries, or a mutually agreed sub-servicer, will provide Shari'ah compliance services.

8. Cooperation between Reorganized Arcapita Group and Syndication Companies

The Debtors and the Committee, with the involvement of the Ad Hoc Group, have worked assiduously to ensure post-Effective Date coordination between the interests of the Reorganized Arcapita Group and the interests of the Syndication Companies and their investors (the "***Third-Party Investors***"). These efforts led to extensive multi-faceted negotiations among the Debtors, the Committee, the Syndication Companies (as defined below), certain Third-Party Investors (the "***Key Third-Party Investors***"), AIM, the JPLs and the Ad Hoc Group. In early April 2013, these negotiations successfully culminated in the settlement term sheet attached hereto as Exhibit L (the "***Cooperation Settlement Term Sheet***") which describes the key terms of a comprehensive agreement (the "***Cooperation Agreement***") among the Debtors, the Committee, the Syndication Companies,[11] the Key Third-Party Investors, and AIM. Specifically, the Cooperation Settlement Term Sheet (i) establishes a framework for the sale or other disposition (a "***Disposition***") of investment assets that are jointly owned by the Reorganized Arcapita Group and the Syndication Companies, (ii) delineates the respective rights and obligations of the Reorganized Arcapita Group and the Syndication Companies with respect to such Dispositions, (iii) implements critical minority protections for the Reorganized Arcapita Group and the Syndication Companies to govern the situation where one or the other holds a minority equity stake in an investment, and (iv) establishes the terms of a management services agreement pursuant to which AIM, one of its controlled subsidiaries, or a mutually agreed sub-servicer, will provide coordinated management and administration services to the Reorganized Arcapita Group and the Syndication Companies. Certain aspects of the Cooperation Settlement Term Sheet are discussed below. The definitive documents implementing the Cooperation Agreement will be filed in the Plan Supplement.

For the avoidance of doubt, the Plan does not affect (i) the number of shares owned or the ownership percentage of Third-Party Investors in or with respect to Syndication Companies or any other Affiliate of the Debtors, or (ii) except as such rights may be indirectly affected by the actions of other shareholders or directors under applicable non-Bankruptcy law as

[11] For the avoidance of doubt, HarbourVest Partners L.P. is not a party to the Cooperation Agreement.

a result of the implementation of the Cooperation Agreement, any other rights of Third-Party Investors in or with respect to Syndication Companies or any other Affiliate of the Debtors.

a. Control Over Dispositions of Investments

The most significant benefit of the Cooperation Settlement Term Sheet is that it establishes a framework for the coordinated Disposition of jointly-owned investments by the Reorganized Arcapita Group and the Syndication Companies (the "***Investments***," which are set forth on Exhibit A to the Cooperation Term Sheet). This framework ensures (a) that neither party will suffer minority discount in connection with the sale of its minority interest, and (b) that the parties will cooperate with each other in the Disposition of these investments. Except as set forth below with respect to Direct Investment Transaction Holdcos (as defined below), the relevant Syndication Companies and members of the Reorganized Arcapita Group shall amend the articles of association or similar organizational documents of each of the Transaction HoldCos (and/or enter into a shareholders' agreement or other arrangement to effect the same result) to provide that the shareholders' consent shall be required with respect to each Disposition. The Cooperation Settlement Term Sheet provides that, except with respect to Direct Investment Transaction Holdcos, the shareholders of each Transaction Holdco shall establish a committee (each a "***Disposition Committee***") that will have the sole authority with respect to any decision to market or sell the investment. Apart from its role in the Disposition of an investment, the Disposition Committee will have no other management authority or function with respect to the investment.

In certain situations, a Transaction Holdco is jointly owned by Syndication Companies, a member of the Reorganized Arcapita Group and a third-party investor(s) via a direct investment entity (a "***Direct Investment Holdco***"). With respect to these investments, the Direct Investment Holdco's consent may be required in order to implement the amendment to the articles of association and/or the creation, pursuant to such articles, of a Disposition Committee, as described above. Absent any such required consent, the applicable Syndication Company and member of the Reorganized Arcapita Group will enter into a shareholders' agreement which formalizes the relative rights of only these two parties with respect to the Dispositions, subject to the contract rights of the Direct Investment Holdco. In this scenario, the applicable Direct Investment Holdco will not be a party to the shareholders' agreement and will retain its existing rights with respect to the applicable Transaction Holdco.

Jointly-owned investments will be divided into two categories – major investments and minor investments – determined based on the value of the investment. Each major investment will have its own Disposition Committee and a pre-agreed disposition plan (a "***Disposition Plan***") for the orderly Disposition of such investment. Each Disposition Plan will include an agreement between the Reorganized Arcapita Group and the Syndication Companies regarding an initial disposition period (the "***Initial Disposition Period***") for the relevant investment and a minimum sales price (the "***Minimum Sales Price***"). For competitive and market reasons, neither the Initial Disposition Period nor the Minimum Sales Prices will be publicly disclosed. Minor investments will each have a separate Disposition Committee that will be responsible for the Disposition of such minor investment, and will do so in a manner, for a price and on a timetable determined by that Disposition Committee.

The Disposition Committees will each be comprised of seven members divided between the Reorganized Arcapita Group and the Syndication Companies in the agreed manner set forth in the Cooperation Settlement Term Sheet.[12] The Reorganized Arcapita Group and/or the Syndication Companies may elect as few as one designee to each Disposition Committee, and in such event, weighted voting will be implemented to maintain the agreed balance of voting power between the parties. The designee(s) for the group – whether the Reorganized Arcapita Group or the Syndication Companies – that owns a majority of the equity interest in such investment (the "***Majority Investor***") will be denoted as the "***Majority Committee Member***" and will have a majority of the voting power of the relevant Disposition Committee, and the designee(s) for the group that owns a minority of the equity interest in such investment (the "***Minority Investor***") will be denoted as the "***Minority Committee Member***" and will have a minority of the voting power of the relevant Disposition Committee. The initial members of the Disposition Committees (i) representing the Reorganized Arcapita Group will be designated by the New Board of New Arcapita Topco within 10 business days after the Effective Date and (ii) representing the Third-Party Investors will be designated by the Syndication Companies within 10 business days after the Effective Date.

Pursuant to the Disposition Plan to be negotiated prior to the Effective Date by the Debtors and the Committee for each major investment, the Disposition Committee must complete a sale process of the relevant major investment by an agreed date (the "***Disposition Date***").

Prior to the relevant Disposition Date, each Disposition Committee shall have authority to sell a major investment upon the vote of a majority of its members (which shall include a majority of the Majority Committee Members) only if one of the following conditions has been satisfied: (i) the sale is to be made pursuant to a "***Qualifying Third-Party Offer***" (i.e., a bona-fide, third party, all-cash offer that meets or exceeds the applicable Minimum Sales Price), or (ii) a majority of the Minority Committee Members approves the terms and conditions of the proposed transaction. If a major investment is not sold by the Disposition Date, then the Disposition Date will automatically be extended by one year (unless the Disposition Committee has accepted a Qualifying Third-Party Offer and a sale pursuant to such Qualifying Third-Party Offer is consummated within sixty days after acceptance). The Disposition Date may not be extended more than two times.

After the initial Disposition Date, if a Qualifying Third-Party Offer is received pursuant to a marketing process conducted by the relevant Disposition Committee, then the major investment must be sold, unless a majority of the Majority Committee Members vote not to sell the major investment and the Minority Investors exercise the "***Put Option***," pursuant to which the Minority Investors shall have the right to sell to the Majority Investors none, some or all of their interests in such major investment. Pursuant to the Put Option, the Majority Investors shall purchase the Minority Investors' interests in the major investment in exchange for payment of the same aggregate amount of consideration as such Minority Investors would have received if the Qualifying Third-Party Offer had been accepted.

[12] This number may be reduced for minor investments if agreed by the parties to the Cooperation Agreement.

b. Additional Minority Protections

To provide further comfort that neither the Reorganized Arcapita Group nor the Syndication Companies are disadvantaged when they hold minority positions in any particular investment, the Cooperation Settlement Term Sheet provides that the articles of association, or similar organizational documents, of the Transaction Holdcos (other than Transaction Holdcos that are owned in part by Direct Investment Holdcos, which shall be subject to the treatment described with respect to such entities in the sub-section entitled "Control Over Disposition of Investments," above) shall be amended to provide for minority investor protections that are typical in jointly held investments, including, without limitation, (i) Transaction Holdco board observer rights, (ii) rights to information, (iii) tag-along rights, (iv) preemptive rights, (v) transfer restrictions, and (vi) restrictions on dividends and affiliate transactions. In addition, the Cooperation Settlement Term Sheet restricts the ability of certain Transaction Holdcos to incur third party indebtedness, make acquisitions or enter into joint venture transactions without the consent of the Minority Investor. Absent entry into the Cooperation Settlement Term Sheet, the Reorganized Arcapita Group has no such rights. For the avoidance of doubt, with respect to Transaction Holdcos that are owned in part by Direct Investment Holdcos, absent the agreement of the Direct Investment Holdco, the applicable Direct Investment Holdco will not be a party to any agreement implementing minority investor protections under the Cooperation Settlement Term Sheet and will retain its existing rights with respect to the applicable Transaction Holdco.

c. Provision for Funding

The Cooperation Settlement Term Sheet also encompasses agreements regarding the parties' rights and obligations with respect to the funding of certain expenses related to the investments, including, without limitation, expenses related to maintenance of the corporate structure, expenses related to the Dispositions and the Disposition Committees, and deal funding. These agreements streamline the process of obtaining this funding, and they also ensure, through approval procedures, structure mechanics and dollar limitations, that the Reorganized Arcapita Group has ample oversight over the expenses and the maximum possibility of repayment of any funding it provides on exit from the investments.

d. AIM

The Cooperation Settlement Term Sheet provides that management and administration services will be provided to the Reorganized Arcapita Group by AIM Group Limited ("***AIM***"), one of its controlled subsidiaries, or a mutually agreed sub-servicer, pursuant to the provisions of a management services agreement (the "***Management Services Agreement***"). AIM is a company formed in 2013 under the laws of the Cayman Islands and backed by certain Third-Party Investors, some of whom are currently members (or Affiliates of members) of the board of directors of Arcapita Bank. Members of the senior management of the Debtors, including Atif Abdulmalik, Hisham Al Raee, Mohammed Chowdhury, Martin Tan, and Henry Thompson, are expected to constitute the senior management team of AIM. A subsidiary of AIM, AIM Bahrain, will be formed under the laws of the Kingdom of Bahrain and will be regulated by the CBB in accordance with applicable CBB regulatory requirements.

The Management Services Agreement with AIM accomplishes three extremely important goals for the Reorganized Arcapita Group. First, it allows the Reorganized Arcapita Group to dramatically downsize its operations and personnel requirements and, at the same time, continue to perform its obligations under existing Management Agreements and Administration Agreements (each as defined below) with the Syndication Companies and the portfolio companies. Under the Management Services Agreement, the Reorganized Arcapita Group outsources performance under these agreements to AIM, one of its controlled subsidiaries, or a mutually agreed sub-servicer. Second, AIM allows the Reorganized Arcapita Group to outsource its own back office administrative needs while, at the same time, continuing to have access, through AIM's management and deal teams, to the institutional knowledge, regional connections, and industry expertise necessary to maximize the value of the assets of the Reorganized Arcapita Group. The Debtors do not believe that an alternative provider of these services exists in the marketplace with the same level of institutional knowledge, connections and expertise.

In addition to the engagement of existing senior management of the Debtors, AIM expects to employ certain key deal team members to maintain continuity in the management of portfolio company investments. The continued employment of existing key deal teams is of paramount importance to certain holders of interests in Direct Investment Holdcos, primarily because it provides comfort that the pre-emergence business plan with respect to these investments will continue unaffected post-emergence, thereby providing the best ability to maximize the value of the portfolio company investments. However, there can be no assurance that all key deal team members will be employed by AIM.

Third, and most importantly, however, AIM facilitated the ability to effectuate a cooperation agreement between the Reorganized Arcapita Group and the Syndication Companies, and represented the only feasible way that the Debtors could ensure that the existing Management Agreements, Administration Agreements and Syndication Company Proxies (as defined below) remained in place. In this regard, the Key Third-Party Investors have repeatedly informed the Debtors that, if the Plan is confirmed and control of the Reorganized Arcapita Group passes to creditors without an acceptable arrangement with the Key Third-Party Investors, they would exercise their power as owners of the Syndication Companies to cause the Administration Agreements to be terminated and, potentially, to revoke the Syndication Company Proxies of the Third-Party Investors. These actions, coupled with the absence of a framework for cooperation between the Syndication Companies and the Reorganized Arcapita Group, would have undermined the value of the Debtors' assets, particularly with respect to those many investments where the Syndication Companies own a majority stake in the investment.

As previously indicated, AIM has been formed by certain of the Third-Party Investors and will engage the most senior members of the Debtors' existing management team. The involvement of AIM gave the Third-Party Investors confidence that their interests in the investments would be protected and this confidence, in turn, lead to their willingness to agree to the provisions of the Cooperation Settlement Term Sheet, including the provisions that eliminate one of the Debtors' most significant concerns – the possibility that, as a minority investor in many assets, the Debtors would suffer significant minority discount risk.

The Management Services Agreement will be entered into as of the Effective Date, and will be for a period of five years and cannot be terminated by Reorganized Arcapita Group other than (i) for cause, or (ii) if Reorganized Arcapita Group's assets under management by AIM (as measured by Reorganized Arcapita Group's share of the Minimum Sales Prices for the major investments and by the valuations provided by AIM for the minor investments) falls below $300 million in the aggregate. The scope of services to be provided by AIM, one of its controlled subsidiaries, or a mutually agreed sub-servicer, is outlined in Exhibit C to the Cooperation Settlement Term Sheet. The fees under the Management Services Agreement ("***Management Fees***") have been heavily negotiated, taking into consideration the cost of comparable services which might be available in the marketplace.[13] These fees are described in the Cooperation Settlement Term Sheet and are embodied in the Projections attached hereto as Exhibit C. Notably, the Management Fees due to AIM will be reduced dollar for dollar if, and to the extent, (i) any management, administration or management services agreement entered into in connection with any Investment is terminated or modified by the counterparty to the Reorganized Arcapita Group in such a manner as to adversely affect the Reorganized Arcapita Group in any material respect, or (ii) the Reorganized Arcapita Group's interest in an Investment is reduced or eliminated; provided, however, that during the 18 month period following the effective date of the Management Services Agreement, there shall not be any reduction in Management Fees as a result of a sale or disposition of any Investments pursuant to a Disposition Plan.

The definitive documents evidencing the Management Services Agreement will be filed in the Plan Supplement.

9. Employment Issues

Following the Effective Date and as a result of the Management Services Agreement, the Reorganized Arcapita Group is not anticipated to employ a significant number, if any, of remaining employees. To the extent not fully performed on the Effective Date, the Reorganized Arcapita Group shall continue to abide by, and perform under, the terms of that certain employee related order entered by the Bankruptcy Court, dated July 9, 2012 [Docket No. 303], and described below in Section V.D.8. hereof (the "***Employee Program and Global Settlement Order***").

The Plan settles certain outstanding issues between the Debtors and certain members of the senior management of the Debtors (the "***Senior Management Global Settlement***"). The principal terms of the Senior Management Global Settlement are detailed in the Senior Management Global Settlement Term Sheet attached hereto as Exhibit J and discussed in more detail in Section VI.B.11. The final form of the Senior Management Global Settlement will be filed in the Plan Supplement.

Any separation obligations due under the Employee Program and Global Settlement Order shall be borne entirely by the Reorganized Debtors, subject to an aggregate cap

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[13] On the Effective Date, as additional consideration for the services to be provided by AIM pursuant to the Management Services Agreement, the Debtors shall transfer to AIM all rights to the use of the "Arcapita" name, trademarks and all related intellectual property.

as set forth in the Cooperation Settlement Term Sheet. However, as a consequence of the agreements reached in the Cooperation Settlement Term Sheet attached hereto as Exhibit L, the Reorganized Debtors shall receive a partial credit against the management fees payable to AIM under the Management Services Agreement in respect of these separation obligations. The credit will be equal to a specified percentage of the amounts due to each employee under the Employee Program and Global Settlement Order, and the percentage will vary depending upon whether the employee is employed by AIM or AIM Bahrain within one year of the Effective Date. The formula for calculating the credit against management fees is set forth in the Cooperation Settlement Term Sheet. Pursuant to the Cooperation Agreement and the Senior Management Global Settlement, the Senior Managers shall release all severance, bonus and other employment-related claims against the Arcapita Group, including claims related to the termination of any employment contracts; provided, however, that each of the Senior Managers shall retain any rights to indemnification from the Arcapita Group, and certain Senior Managers shall retain their Claims as depositors or investors with Arcapita Bank, which Claims will receive treatment pursuant to the Plan (to the extent allowed). Pursuant to the Cooperation Agreement and the Senior Management Global Settlement, certain separation obligations otherwise due to the Senior Managers will be assumed by AIM.

C. SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS AND THE PROJECTED RECOVERIES UNDER THE PLAN. *THE PROJECTED RECOVERIES SET FORTH BELOW ARE ESTIMATES ONLY AND ARE THEREFORE SUBJECT TO CHANGE.* REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS. THE ALLOWANCE OF CLAIMS MAY BE SUBJECT TO LITIGATION OR OTHER ADJUSTMENTS, AND ACTUAL ALLOWED CLAIM AMOUNTS MAY DIFFER MATERIALLY FROM THE ESTIMATED AMOUNTS.

SUMMARY OF TREATMENT AND PROJECTED RECOVERIES

Class	Type of Claim or Interest	Treatment of Claim/Interest	Projected Recovery[14]
Unclassified	Administrative Expense Claims	Each Allowed Administrative Expense Claim shall be paid in full in Cash.	100%
Unclassified	Professional Compensation Claims	Each Allowed Professional Compensation Claim shall be paid in full in Cash.	100%
Unclassified	Priority Tax Claims	Each Holder of an Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code, or at the Debtors' election, upon notice to the Holder of an Allowed Priority Tax Claim no later than five days before the Plan Objection Deadline, in accordance with the terms set forth in section 1129(a)(9)(A) or 1129(a)(9)(B) of the Bankruptcy Code.	100%
Unclassified	DIP Facility Claims	Allowed DIP Facility Claims shall, subject to compliance with the New Facility Distribution Procedures, be paid, on the Effective Date, in full in Cash.	100%
1(a)-(g)	Other Priority Claims	Claims in these Classes are Unimpaired. Each Allowed Other Priority Claim as of the Distribution Record Date shall be paid, on the Distribution Date, in full in Cash.	100%
2(a)-(f)	SCB Claims	Claims in these Classes are Impaired. On the Effective Date, the Holders of the Allowed SCB Claims shall, subject to compliance with the New Facility Distribution Procedures, receive the New SCB Facility Obligations in full satisfaction of such SCB Claims (to the extent the SCB Facility is not taken out).	100%

[14] The projected recoveries relating to Distributions of New Arcapita Warrants will be based upon the Black-Scholes model or similar accepted model for the pricing of warrants. The projected recoveries relating to the Falcon Classes are contingent upon resolution of the disputes outlined in Section V.H. hereof. The projected recoveries to Holders of Arcsukuk Claims, Syndicated Facility Claims and General Unsecured Claims against AIHL assume that the Arcsukuk Guarantee (as defined below) is not avoided; in the event that the Arcsukuk Guarantee is successfully avoided, the projected recovery to Holders of Arcsukuk Claims will decrease, and the projected recovery to Holders of Syndicated Facility Claims and General Unsecured Claims against AIHL will increase. Attached hereto as Exhibit M is a sensitivity analysis which provides further information on projected recoveries under alternative portfolio disposition scenarios.

3(a)-(g)	Other Secured Claims	Claims in these Classes are Unimpaired. Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, each Allowed Other Secured Claim shall be Reinstated or otherwise rendered Unimpaired as of the Effective Date.	100%
4(a)-(b)	Syndicated Facility Claims and Arcsukuk Claims	Claims in these Classes are Impaired. On the Distribution Date, each Holder of an Allowed Syndicated Facility Claim or Allowed Arcsukuk Claim shall, subject to compliance with the New Unsecured Claim Distribution Procedures, receive (i) on account of its Allowed Class 4(a) Syndicated Facility Claim or Allowed Class 4(a) Arcsukuk Claim, its Pro Rata Share of the Bank Syndicated Facility/Arcsukuk Consideration, (ii) on account of its Allowed Class 4(b) Syndicated Facility Claim or Allowed Class 4(b) Arcsukuk Claim, its Pro Rata Share of the AIHL Syndicated Facility/Arcsukuk Consideration, and (iii) with respect to any such Holder whose Class 4(b) Syndicated Facility Claim or Class 4(b) Arcsukuk Claim has been Disallowed in whole or in part, its Pro Rata Share of the Contingent Class 4(a) Consideration; *provided*, *however*, that if any Holder of an Allowed Syndicated Facility Claim or an Allowed Arcsukuk Claim entitled to receive such consideration is a Non-Eligible Claimant, any Bank Syndicated Facility/Arcsukuk Consideration, AIHL Syndicated Facility/Arcsukuk Consideration, and Contingent Class 4(a) Consideration distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Syndicated Facility Claim or Allowed Arcsukuk Claim must, as a condition precedent to the receipt of the Bank Syndicated Facility/Arcsukuk Consideration, AIHL Syndicated Facility/Arcsukuk Consideration, and Contingent Class 4(a) Consideration (or the proceeds thereof), comply with the New Unsecured Claim Distribution Procedures.	67.6%

5(a)	General Unsecured Claims Against Arcapita Bank B.S.C.(c)	Claims in this Class are Impaired. Each Holder of an Allowed Class 5(a) General Unsecured Claim as of the Record Date who does not make the Convenience Class Election shall, subject to compliance with the New Unsecured Claim Distribution Procedures, receive its Pro Rata Share of the Class 5(a) Consideration; *provided*, *however*, that if any Holder of an Allowed General Unsecured Claim in Class 5(a) entitled to receive such Class 5(a) Consideration is a Non-Eligible Claimant, the Class 5(a) Consideration distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Class 5(a) General Unsecured Claim must, as a condition precedent to the receipt of the Class 5(a) Consideration (or the proceeds thereof), comply with the New Unsecured Claim Distribution Procedures. Each Holder of an Allowed Class 5(a) General Unsecured Claim as of the Distribution Record Date who makes the Convenience Class Election (which election must be made with respect to all of such Holder's Allowed Class 5(a) General Unsecured Claims) shall be deemed to reduce the amount of its aggregate Allowed Class 5(a) General Unsecured Claims to the lesser of (i) the aggregate amount of such claims or (ii) $25,000, which reduced claim shall be the Holder's Allowed Class 6(a) Convenience Claim. Making the Convenience Class Election shall constitute a Class 6(a) vote to accept the Plan and shall constitute the Holder's agreement to waive Class 5(a) treatment; instead such Holder shall be deemed to have an Allowed Class 6(a) Convenience Claim and receive the treatment specified for Class 6(a) Convenience Claims.	7.7%

5(b)	General Unsecured Claims Against Arcapita Investment Holdings Limited	Claims in this Class are Impaired. Each Holder of an Allowed Class 5(b) General Unsecured Claim as of the Distribution Record Date shall, subject to compliance with the New Unsecured Claim Distribution Procedures, receive its Pro Rata Share of the Class 5(b) Consideration; *provided*, *however*, that if any Holder of an Allowed General Unsecured Claim in Class 5(b) entitled to receive such Class 5(b) Consideration is a Non-Eligible Claimant, the Class 5(b) Consideration distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Class 5(b) General Unsecured Claim must, as a condition precedent to the receipt of the Class 5(b) Consideration (or the proceeds thereof), comply with the New Unsecured Claim Distribution Procedures.	59.9%
5(c)-(f)	General Unsecured Claims Against Debtors Other Than Arcapita Bank B.S.C.(c) and Arcapita Investment Holdings Limited and Falcon Gas Storage Company, Inc.	Claims in these Classes are Unimpaired. Except to the extent that a Holder of an Allowed General Unsecured Claim in Classes 5(c)-(f) agrees to a less favorable treatment, each Allowed General Unsecured Claim in Classes 5(c)-(f) shall, in the discretion of the applicable Debtor and subject to compliance with the New Unsecured Claim Distribution Procedures, be Reinstated, paid in full, or otherwise rendered Unimpaired.	100%
5(g)	General Unsecured Claims Against Falcon Gas Storage Company, Inc.	Claims in this Class are Impaired. Each Holder of an Allowed General Unsecured Claim in Class 5(g) as of the Distribution Record Date shall, subject to compliance with the New Unsecured Claim Distribution Procedures, receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate Allowed Claims in Class 5(g), by (ii) the aggregate Allowed Claims in Classes 5(g) and 7(g).	TBD

6(a)	Convenience Claims	Claims in this Class are Impaired. On the Distribution Date, each Holder of an Allowed Convenience Claim in Class 6(a) as of the Distribution Record Date shall receive, in full satisfaction, release, and discharge of and in exchange for all Allowed Class 5(a) General Unsecured Claims held by such Holder and in accordance with the New Unsecured Claim Distribution Procedures, Cash equal to 50% of its Allowed Convenience Claim; *provided*, *however*, each Holder of an Allowed Convenience Claim must, as a condition precedent to the receipt of the foregoing Cash consideration, comply with the New Unsecured Claim Distribution Procedures; *provided further*, *however*, that the aggregate Cash consideration payable to Holders of Allowed Convenience Claims shall not exceed $9,700,000 and the Cash consideration payable to each Holder of an Allowed Convenience Claim shall be reduced proportionately to the extent aggregate payments would otherwise exceed such amount. The Convenience Class Election shall only be effective if the Effective Date occurs.	50%
7(a)-(b)	Intercompany Claims Against Arcapita Bank B.S.C.(c) and Arcapita Investment Holdings Limited	Claims in these Classes are Impaired. Each Holder of an Allowed Intercompany Claim in Classes 7(a)-(b) as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such Holder's Intercompany Claim, receive USD $100.00 in Cash on the Effective Date.	Nominal
7(c)-(f)	Intercompany Claims Against Debtors Other Than Arcapita Bank B.S.C.(c) and Arcapita Investment Holdings Limited and Falcon Gas Storage Company, Inc.	Claims in these Classes are Unimpaired. Intercompany Claims in Classes 7(c)-(f) will, except as provided in the Implementation Memorandum, be Reinstated.	100%
7(g)	Intercompany Claims Against Falcon Gas Storage Company, Inc.	Claims in this Class are Impaired. Each Holder of an Allowed Claim in Class 7(g) as of the Distribution Record Date shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate Allowed Claims in Class 7(g), by (ii) the aggregate Allowed Claims in Classes 5(g) and 7(g).	TBD

8(a)	Subordinated Claims Against Arcapita Bank B.S.C.(c)	Claims in this Class are Impaired. Each Holder of an Allowed Subordinated Claim in Class 8(a) as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such Holder's Subordinated Claim, receive its Pro Rata Share of the Subordinated Claim Warrants; *provided*, *however*, that if any Holder of an Allowed Subordinated Claim in Class 8(a) entitled to receive such Subordinated Claim Warrants is a Non-Eligible Claimant, the Subordinated Claim Warrants distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution; *provided further*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired or (ii) the Holders of a majority of Shares in Arcapita Bank B.S.C.(c) do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended, provided that the Committee waives the condition precedent to the Effective Date of the Plan requiring a majority of Arcapita Bank Shares be transferred, to provide that Holders of Allowed Subordinated Claims against Arcapita Bank in Class 8(a) shall not receive any Distributions or retain any property on account of such Claims. Each Holder of an Allowed Class 8(a) Subordinated Claim must, as a condition precedent to the receipt of the Subordinated Claim Warrants, (or the proceeds thereof) comply with the New Unsecured Claim Distribution Procedures.	TBD
8(g)	Subordinated Claims Against Falcon Gas Storage Company, Inc.	Claims in this Class are Impaired. Holders of Allowed Subordinated Claims in Class 8(g) shall not receive any Distributions on account of such Claims unless and until all Holders of Allowed Claims in Classes 1(g), 3(g), 5(g), and 7(g) are satisfied in full, in which case each Holder of an Allowed Subordinated Claim in Class 8(g) as of the Distribution Record Date shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate amount of Allowed Class 8(g) Subordinated Claims, by (ii) the aggregate amount of Allowed Class 8(g) Subordinated Claims plus $70,000,000.	TBD

9(a)	Interests in Arcapita Bank B.S.C.(c)	Interests in this Class are Unimpaired; *provided*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired or (ii) the Holders of a majority of Shares in Arcapita Bank B.S.C.(c) do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended as set forth in Section 4.9.2.1 of the Plan, in which case each Interest in Class 9(a) shall be Impaired and each Holder of an Interest in Class 9(a) shall be deemed to have rejected the Plan and will not be entitled to vote to accept or reject the Plan. Interests in Class 9(a) shall be Reinstated and, subject to compliance with the Warrant Distribution Conditions, each Holder of a Share in Arcapita Bank B.S.C.(c) that agrees to be a Transferring Shareholder shall be entitled to receive, in exchange for transferring all Shares in Arcapita Bank B.S.C.(c) held by such Holder to New Arcapita Bank Holdco prior to the Effective Date, a Pro Rata Share of the Transferring Shareholder Warrants; *provided*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired or (ii) the Holders of a majority of Shares in Arcapita Bank B.S.C.(c) do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended, provided that the Committee waives the condition precedent to the Effective Date of the Plan requiring a majority of Arcapita Bank Shares be transferred, to provide that Interests in Class 9(a) are Impaired, in which case all Interests in Class 9(a) shall be cancelled and all rights and interests therein shall be terminated as of the Effective Date and new Shares in Arcapita Bank B.S.C.(c) shall be issued to New Arcapita Bank Holdco in accordance with the Implementation Memorandum and the New Arcapita Shareholder Warrants shall not be issued.	N/A
9(b)-(f)	Interests in all Debtors Other Than Arcapita Bank B.S.C.(c) and Falcon Gas Storage Company, Inc.	Interests in these Classes are Unimpaired. To preserve the Debtors' corporate structure for the benefit of the Holders of Syndicated Facility Claims, SCB Claims, Arcsukuk Claims, and General Unsecured Claims, the Interests in each of Classes 9(b)-(f) shall be Reinstated. Shares in Arcapita LT Holdings Limited shall be transferred to New Arcapita Holdco 2, as provided in the Implementation Memorandum.	100%

9(g)	Interests in Falcon Gas Storage Company, Inc.	Interests in this Class are Impaired. Holders of Interests in Class 9(g) shall not receive any Distributions on account of such Interests unless and until all Holders of Allowed Claims in Classes 1(g), 3(g), 5(g), and 7(g) are satisfied in full, in which case each Holder of an Interest in Class 9(g) as of the applicable quarterly distribution date as set forth in Section 8.3.5 of the Plan shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) $70,000,000 by (ii) the aggregate amount of Allowed Class 8(g) Subordinated Claims plus $70,000,000.	TBD
10(a), 10(g)	Super-Subordinated Claims against Arcapita Bank B.S.C.(c) and Falcon Gas Storage Company, Inc.	Claims in these Classes are Impaired. Holders of Allowed Claims in Classes 10(a) and 10(g) shall not receive any Distributions or retain any property on account of such Claims.	0%

II. VOTING AND CONFIRMATION PROCEDURES

A. PERSONS ENTITLED TO VOTE ON THE PLAN

Under the provisions of the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. Holders of Claims or Interests that are not Impaired by the Plan are presumed to accept the Plan under section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan. Holders of Claims or Interests that will not receive a distribution or retain any property under the Plan are deemed to reject the Plan under section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan.

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class for purposes of voting on the Plan and receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date. The fact that a particular Class of Claims is designated for a Debtor does not necessarily mean there are any Allowed Claims in such Class against such Debtor. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8), respectively, of the Bankruptcy Code have not been classified. The Plan constitutes a separate chapter 11 Subplan for each of the Debtors.

To the extent that a Holder of a Claim or Interest is placed in a Class or Classes that are entitled to vote on the Plan, such Holder shall receive a Ballot, together with Ballot Instructions, which identify specifically in which Class or Classes the Holder's Claims and/or

Interests have been designated. To the extent that a Holder of a Claim or Interest is placed in a Class or Classes that are not entitled to vote on the Plan, such Holder shall receive a Non-Voting Holder Notice and will not receive a Ballot. Any Holder of Claims and/or Interests who has questions concerning the Class or Classes in which his or her Claims and/or Interests have been designated should contact the Debtors' Balloting and Claims Agent at:

Arcapita Bank B.S.C.(c) - Ballot Processing
c/o GCG
P.O. Box 9881
Dublin, Ohio 43017-5781
Toll Free: (800) 762-7029
International: +1 (440) 389-7311
Email: ArcapitaBankInfo@gcginc.com

The classification of Claims and Interests against the Debtors pursuant to the Plan is as follows:

1. Classes 1(a)-(g): Other Priority Claims.

Class	Claims and Interests	Status	Voting Rights
Class 1(a)	Other Priority Claims against Arcapita Bank B.S.C.(c)	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(b)	Other Priority Claims against Arcapita Investment Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(c)	Other Priority Claims against Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(d)	Other Priority Claims against WindTurbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(e)	Other Priority Claims against AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(f)	Other Priority Claims against Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(g)	Other Priority Claims against Falcon Gas Storage Company, Inc.	Unimpaired	Not entitled to vote (Presumed to accept)

2. Classes 2(a)-(f): SCB Claims.

Class	Claims and Interests	Status	Voting Rights
Class 2(a)	SCB Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 2(b)	SCB Claims against Arcapita Investment Holdings Limited	Impaired	Entitled to vote
Class 2(c)	SCB Claims against Arcapita LT Holdings Limited	Impaired	Entitled to vote
Class 2(d)	SCB Claims against WindTurbine Holdings Limited	Impaired	Entitled to vote
Class 2(e)	SCB Claims against AEID II Holdings Limited	Impaired	Entitled to vote
Class 2(f)	SCB Claims against Railinvest Holdings Limited	Impaired	Entitled to vote

3. Classes 3(a)-(g): Other Secured Claims.

Class	Claims and Interests	Status	Voting Rights
Class 3(a)	Other Secured Claims against Arcapita Bank B.S.C.(c)	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(b)	Other Secured Claims against Arcapita Investment Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(c)	Other Secured Claims against Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(d)	Other Secured Claims against WindTurbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(e)	Other Secured Claims against AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(f)	Other Secured Claims against Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)

Class 3(g)	Other Secured Claims against Falcon Gas Storage Company, Inc.	Unimpaired	Not entitled to vote (Presumed to accept)

4. Classes 4(a)-(b): Syndicated Facility Claims and Arcsukuk Claims.

Class	Claims and Interests	Status	Voting Rights
Class 4(a)	Syndicated Facility Claims and Arcsukuk Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 4(b)	Syndicated Facility Claims and Arcsukuk Claims against Arcapita Investment Holdings Limited	Impaired	Entitled to vote

5. Classes 5(a)-(g): General Unsecured Claims.

Class	Claims and Interests	Status	Voting Rights
Class 5(a)	General Unsecured Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 5(b)	General Unsecured Claims against Arcapita Investment Holdings Limited	Impaired	Entitled to vote
Class 5(c)	General Unsecured Claims against Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 5(d)	General Unsecured Claims against WindTurbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 5(e)	General Unsecured Claims against AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 5(f)	General Unsecured Claims against Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 5(g)	General Unsecured Claims against Falcon Gas Storage Company, Inc.	Impaired	Entitled to vote

6. Class 6(a): Convenience Claims.

Class	Claims and Interests	Status	Voting Rights
Class 6(a)	Convenience Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote

7. Classes 7(a)-(g): Intercompany Claims.

Class	Claims and Interests	Status	Voting Rights
Class 7(a)	Intercompany Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 7(b)	Intercompany Claims against Arcapita Investment Holdings Limited	Impaired	Entitled to vote
Class 7(c)	Intercompany Claims against Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 7(d)	Intercompany Claims against WindTurbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 7(e)	Intercompany Claims against AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 7(f)	Intercompany Claims against Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 7(g)	Intercompany Claims against Falcon Gas Storage Company, Inc.	Impaired	Entitled to vote

8. Classes 8(a) and (g): Subordinated Claims.

Class	Claims and Interests	Status	Voting Rights
Class 8(a)	Subordinated Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 8(g)	Subordinated Claims against Falcon Gas Storage Company, Inc.	Impaired	Entitled to vote

9. Classes 9(a)-(g): Interests.

Class	Claims and Interests	Status	Voting Rights
Class 9(a)	Interests in Arcapita Bank B.S.C.(c)	Unimpaired, except as provided in Section 4.9.2 of Plan	Not entitled to vote (Presumed to accept or deemed to reject)
Class 9(b)	Intercompany Interests in Arcapita Investment Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(c)	Intercompany Interests in Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(d)	Intercompany Interests in WindTurbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(e)	Intercompany Interests in AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(f)	Intercompany Interests in Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(g)	Interests in Falcon Gas Storage Company, Inc.	Impaired	Entitled to vote

10. Classes 10(a) and 10(g): Super-Subordinated Claims.

Class	Claims and Interests	Status	Voting Rights
Class 10(a)	Super-Subordinated Claims against Arcapita Bank B.S.C.(c)	Impaired	Not entitled to vote (Deemed to reject)
Class 10(g)	Super-Subordinated Claims against Falcon Gas Storage Company, Inc.	Impaired	Not entitled to vote (Deemed to reject)

For a detailed description of the treatment of the Classes of Claims and the Classes of Interests under the Plan, *see* Article IV of the Plan (*see* Section VII.C. below).

B. ACCEPTANCE OR REJECTION OF THE PLAN

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the allowed claims in that class that cast ballots for acceptance or rejection of the plan. The Bankruptcy Code defines "acceptance" of a plan by a class of interests as acceptance by holders of at least two-thirds in amount of the allowed interests in that class that cast ballots for acceptance or rejection of the plan. With respect to each Impaired Class that votes to reject the Plan, or is deemed to reject the Plan, the Debtors will seek to confirm the Plan under section 1129(b) of the Bankruptcy Code, which permits the confirmation of a plan notwithstanding the non-acceptance by one or more Impaired Classes of Claims or Interests. Under section 1129(b) of the Bankruptcy Code, a plan may be confirmed if the plan does not discriminate unfairly and is "fair and equitable" with respect to the non-accepting classes. A more detailed discussion of these requirements is provided in Section XVII.B.4.b. of this Disclosure Statement.

C. VOTING PROCEDURES

To determine whether you are entitled to vote on the Plan, refer to Section II.A. above. If you are entitled to vote, you should carefully review this Disclosure Statement, including the attached exhibits and the instructions accompanying the Ballot. Then, indicate your acceptance or rejection of the Plan (or the individual Subplans) by voting for or against the Plan (or the individual Subplans) on the enclosed Ballot and return the Ballot by First Class Mail, overnight mail, personal delivery or by email, in accordance with the Ballot Instructions. If you are a Creditor or Holder of Interests of more than one of the Debtors, you may cast one vote with respect to all of the Debtors' Subplans to which you are a Creditor or Holder of Interest, or you may vote separately with respect to each individual Debtor's Subplan.

To be sure your Ballot is counted, your Ballot must be received by GCG, Inc. (the "***Balloting and Claims Agent***"), as instructed in the Ballot Instructions, no later than 12:00 p.m. Prevailing U.S. Eastern Time on May 30, 2013 (the "***Voting Deadline***"). Your Ballot will not be counted if received after the Voting Deadline.

The Record Date for voting on the Plan is April 26, 2013 (the "***Record Date***"). If you are casting a Ballot on behalf of another Person or entity, in order for the Ballot to be counted, you must indicate the name of the Person or entity, your relationship with such Person or entity, the amount of the Claim(s) or Interest(s) being voted and the capacity in which you are casting the Ballot. NOTWITHSTANDING THE FOREGOING, PLEASE NOTE THAT WITH RESPECT TO SYNDICATED FACILITY CLAIMS AND ARCSUKUK CLAIMS, ONLY HOLDERS OF THE SYNDICATED FACILITY AND/OR THE ARCSUKUK FACILITY (AS APPLICABLE) AS OF THE RECORD DATE ARE ENTITLED TO VOTE ON THE PLAN. ANY TRANSFEREE OF A SYNDICATED FACILITY CLAIM AND/OR ARCSUKUK CLAIM ACQUIRED THROUGH A PARTICIPATION AGREEMENT WILL NOT BE ENTITLED TO VOTE THE SYNDICATED FACILITY CLAIM AND/OR ARCSUKUK CLAIM ACQUIRED, BUT THE TRANSFEREE MAY DIRECT THE HOLDER AS OF THE RECORD DATE TO VOTE THE SYNDICATED FACILITY CLAIM AND/OR ARCSUKUK CLAIM AS AND, TO THE EXTENT PERMITTED, IN THE APPLICABLE

PARTICIPATION AGREEMENT. Additional copies of the Solicitation Package (except Ballots) can be obtained from GCG as follows:

Arcapita Bank B.S.C.(c) - Ballot Processing
c/o GCG
P.O. Box 9881
Dublin, Ohio 43017-5781
Toll Free: (800) 762-7029
International: +1 (440) 389-7311
Email: ArcapitaBankInfo@gcginc.com

DO NOT RETURN SECURITIES OR ANY OTHER DOCUMENTS WITH YOUR BALLOT.

It is important that Creditors and Holders of Interests exercise their right to vote to accept or reject the Plan. Even if you do not vote to accept the Plan, you may be bound by it if it is accepted by the requisite holders of Claims and/or Interests. The amount and number of votes required for Confirmation of the Plan are computed on the basis of the total amount and number of Claims and/or Interests actually voting.

EACH BALLOT ADVISES CREDITORS AND HOLDERS OF INTERESTS THAT, IF THEY VOTE ON THE PLAN AND DO NOT ELECT TO OPT OUT OF THE RELEASE PROVISIONS CONTAINED IN SECTION 9.2.4 OF THE PLAN, THEY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE THIRD-PARTY RELEASED PARTIES.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERIES TO THE DEBTORS' CREDITORS AND HOLDERS OF INTERESTS AND THE BEST POSSIBLE PROSPECT FOR THE DEBTORS' SUCCESSFUL REORGANIZATION. THE DEBTORS THEREFORE BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY CLASS OF CREDITORS AND HOLDERS OF INTERESTS AND URGE ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

D. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to hold a hearing on confirmation of a plan filed under chapter 11 of the Bankruptcy Code. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

1. Confirmation Hearing Date

The Confirmation Hearing will commence on June 11, 2013 at 11:00 a.m. (Prevailing U.S. Eastern Time), 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, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408. The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on the Persons specified in Bankruptcy Rule 2002, all Persons who have requested notice in these Chapter 11 Cases, and the Persons who have filed objections to the Plan ("***Plan Objections***"), without further notice to parties in interest. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

2. Plan Objection Deadline

The Plan Objection Deadline is 4:00 p.m. (Prevailing U.S. Eastern Time) on May 30, 2013. All Plan Objections must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in accordance with the confirmation hearing notice that was approved by the Disclosure Statement Approval Order (the "***Confirmation Hearing Notice***"), so as to be received on or before the Plan Objection Deadline. The Debtors believe that the Plan Objection Deadline will afford the Bankruptcy Court, the Debtors and other parties in interest reasonable time to consider the Plan Objections prior to the Confirmation Hearing.

THE BANKRUPTCY COURT WILL NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED BY THE PLAN OBJECTION DEADLINE IN COMPLIANCE WITH THE DISCLOSURE STATEMENT APPROVAL ORDER.

Any questions regarding (i) voting procedures, (ii) the Solicitation Package, (iii) the amount of a Claim, or (iv) a request for an additional copy of the Plan, Disclosure Statement, or any Exhibits to such documents should be directed to:

Arcapita Bank B.S.C.(c) - Ballot Processing
c/o GCG
P.O. Box 9881
Dublin, Ohio 43017-5781
Toll Free: (800) 762-7029
International: +1 (440) 389-7311
Email: ArcapitaBankInfo@gcginc.com

III. GENERAL INFORMATION

A. ARCAPITA GROUP'S CORPORATE HISTORY AND CORPORATE OVERVIEW

Arcapita Bank was incorporated in November 1996 as a Bahrain Joint Stock Company (closed), and operates under an Islamic wholesale banking license issued by the Central Bank of Bahrain ("***CBB***"), the Bahrain regulatory entity responsible for maintaining monetary and financial stability in Bahrain. Arcapita Bank, through its Debtor and non-Debtor subsidiaries (collectively with Arcapita Bank, the "***Arcapita Group***") is a leading global manager of Shari'ah-compliant alternative investments and operates as an investment bank. The Arcapita Group operates out of four offices, located in Bahrain (global headquarters), Atlanta, London and Singapore. Arcapita Bank is privately owned by approximately 360 shareholders, with approximately 70% of its equity held by prominent individuals and institutions based predominantly in the Arabian Gulf region and the remaining approximately 30% beneficially held by Arcapita Bank's management.

B. ARCAPITA GROUP'S BUSINESS OPERATIONS

Prior to the Petition Date, the Arcapita Group operated primarily as an investment company that provided alternative investment opportunities to high net worth individuals, family offices, institutions and sovereign wealth funds, certain of whom sought investments that conformed to Islamic Shari'ah rules and principles. In that regard, the Executive Committee of the Arcapita Group's Shari'ah Supervisory Board monitored, and continues to monitor, the ongoing compliance of the Arcapita Group's investments with Shari'ah law. Third party investors invested with the Arcapita Group with the understanding that their investments would remain Shari'ah compliant during the duration of the investment. In addition to providing investment opportunities to Third-Party Investors, the Arcapita Group managed and invested its own capital.

The Arcapita Group's investments generally involved a deal-by-deal "co-investment" strategy pursuant to which the Arcapita Group acquired some or all the equity of a portfolio company target and subsequently sold or syndicated approximately 70-80% of this investment to its exclusive network of investors while retaining 20-30% of the investment for its own account. The Arcapita Group's Third-Party Investor clientele consists of a diverse network of approximately 1,800 high net worth individuals, families, institutions and sovereign wealth funds. Such investors are based primarily in Saudi Arabia, Kuwait, Bahrain, United Arab Emirates, Qatar, Oman and certain countries in Southeast Asia.

Non-U.S. investments were generally structured through the creation of a Cayman Islands company (each a "***Transaction Holdco***") which acquired, directly or indirectly, an interest in the portfolio company target. Typically, at acquisition, the Arcapita Group, through AIHL, owned 100% of a Transaction Holdco. The Arcapita Group generally retained 20%-30% of the equity of the Transaction Holdco in its long-term hold portfolio (such investment, a "***Long-Term Holding***"), which was held through wholly-owned subsidiaries of LT Holdings, itself a wholly owned subsidiary of AIHL.

The Arcapita Group offered the remaining portion of the equity in the Transaction Holdco for sale to Third-Party Investors. As part of this sales process, the Arcapita Group incorporated, for each portfolio company investment, up to four additional Cayman Islands companies (each a "***Syndication Company***" and, collectively, the "***Syndication Companies***") to which the Arcapita Group, in exchange for the equity in the Syndication Companies, transferred that portion of the equity of the Transaction Holdco that it intended to offer for sale to Third-Party Investors. Thereafter, through a syndication process, the Arcapita Group sold equity in the Syndication Companies to Third-Party Investors, which effectively reduced the ownership interest of the Arcapita Group in the Transaction Holdco. Any equity in a Syndication Company that could not be syndicated is held by the Arcapita Group, through AIHL, as a short-term hold (a "***Short-Term Holding***").

Although the Arcapita Group would generally contribute a majority interest in the Transaction Holdco to the Syndication Companies, there are some notable portfolio investments in which the Arcapita Group retained a majority of the Transaction Holdco as part of its Long-Term Holdings; for example, as discussed below, LT Holdings owns an indirect 88.06% of the equity interests originally acquired by the Arcapita Group in the Lusail Joint Venture. Approximately 70% (by number) of the portfolio company investments currently owned by the Arcapita Group relate to portfolio companies in which the Arcapita Group, through its Long-Term Holdings and Short-Term Holdings, owns a minority interest in the Transaction Holdco.

As to investments in U.S. companies, the Arcapita Group followed the same initial steps in establishing Syndication Companies to hold a portion of the equity of a Transaction Holdco. However, the characteristics of the Syndication Companies, and the manner in which the Arcapita Group sold equity in those Syndication Companies, differed for the U.S. investments. First, unlike the Syndication Companies for the non-U.S. investments, the Syndication Companies for the U.S. investments issued both voting and non-voting shares. Second, primarily for regulatory reporting reasons, the Arcapita Group sold equity in the Syndication Companies not directly to Third-Party Investors, but rather through special programs (the "***Strategic Investor Programs***") developed for this purpose. Pursuant to the Strategic Investor Programs, the voting shares in the Syndication Companies, which shares represented approximately 2% of the economic interest in each underlying U.S. portfolio investment, were sold by AIHL to Cayman Islands companies, known as "program voting companies" (the "***PVs***"). The non-voting shares in the Syndication Companies, representing approximately 98% of the economic interest in each underlying U.S. portfolio investment, were sold by AIHL to other Cayman Islands companies, known as "program non-voting companies" (the "***PNVs***"), pursuant to share purchase agreements (the "***SPAs***"). In turn, the PNVs entered into a placement agreement with Arcapita Bank whereby Arcapita Bank, on behalf of the PNVs, sold these non-voting shares to Third-Party Investors. In connection with the Strategic Investor Programs and as a matter of practice, the PNVs did not pay for the shares of the Syndication Companies when such shares were transferred to them, but rather, as the PNVs sold the shares in the Syndication Companies, they transferred the proceeds of the sale of such shares to AIHL in payment of the PNVs obligations under the SPAs. Any Syndication Company shares purchased by the PNVs that were not sold to Third-Party Investors were either held by the PNVs, on behalf of AIHL and

to backstop the repayment of the remaining obligation under the SPAs, or returned by the PNVs to AIHL in full satisfaction of such obligation.[15]

During the history of the Arcapita Group, there have been four Strategic Investor Programs. The only Strategic Investor Program that was in existence as of the Petition Date, where PNVs owned non-voting shares in the Syndication Companies, was the 4th such program. The PNVs and the PVs are each owned by a group of fifty strategic investors (including Insiders of the Debtors), but are otherwise independent of the Arcapita Group. While many of the strategic investors hold ownership stakes in multiple PNVs and PVs, the ownership make-up is not necessarily the same for each PNV and PV. Pursuant to the Strategic Investor Programs, these strategic investors invest in U.S. investments of the Arcapita Group; in this regard, these strategic investors participate in the economics of these investments through ownership of the PVs, but they do not bear any risk or enjoy any benefit from the PNV's ownership, on a nominal basis, of the non-voting shares of the Syndication Companies that AIHL sells to Third-Party Investors through the PNVs.

The Arcapita Group generally maintained, and continues to maintain, certain limited management control of the portfolio investments held by the Syndication Companies, PNVs and PVs through revocable proxies and administration agreements. The documents evidencing this limited control are (i) revocable proxies provided by Third-Party Investors in the Syndication Companies, PNVs and PVs (collectively, the "***Syndication Company Proxies***") in favor of Arcapita Investment Management Limited ("***AIML***"), a non-debtor subsidiary of Arcapita Bank, and (ii) administration agreements (the "***Administration Agreements***") between the Syndication Companies, PNVs and PVs and AIML, through which AIML agreed to manage these entities, subject to the oversight and ultimate decision-making authority of the board of directors of the relevant entity.

Traditionally and as of the Petition Date, the (a) Transaction Holdco board members were either all Arcapita Group employees or a majority of the board members were Arcapita Group employees and the remainder were representatives of certain Third-Party Investors and (b) Syndication Company, PNV and PV board members were all Arcapita Group employees. Despite the appointment of Arcapita Group employees to the boards of directors of the Transaction Holdcos, the Syndication Companies, the PNVs, and the PVs, the Arcapita Group may lack the ability to direct or control the decisions or composition of the boards of directors of (i) any PV or PNV, (ii) any Syndication Company that is not at least two-thirds owned by the Arcapita Group, or (iii) any Transaction Holdco in which the Arcapita Group's ownership is 50% or less.

First, when an Arcapita Group employee sits on the boards, he or she owes fiduciary duties to the company on whose board he or she sits, rather than his or her employer. Second, there is no agreement allowing the Arcapita Group to direct or control how any member of such boards votes or exercises his or her fiduciary obligations. Third, the Arcapita Group has

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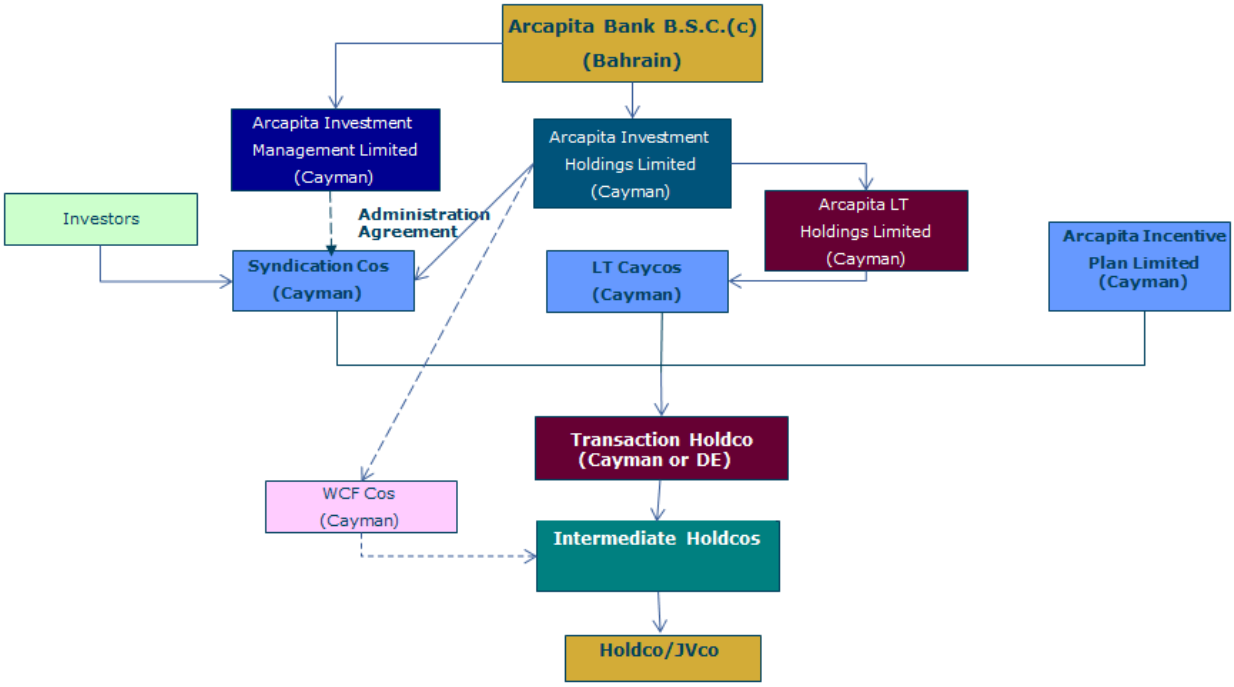
[15] Prior to the Petition Date, the shares of certain of the Syndication Companies held by the PNVs were returned to AIHL, in exchange for a release of any obligations to AIHL related to those shares. As part of the debtor in possession financing, AIHL has reached an agreement with the PNVs to return any remaining shares of the Syndication Companies held by the PNVs to AIHL in exchange for a release of any remaining obligations of the PNVs to AIHL.

no ability to remove or replace any board member of a Syndication Company, PV or PNV. To the contrary, the board succession provisions for each such entity provides that, upon the resignation of any director, the remaining directors select his or her successor and only upon a vote of two-thirds of the owners of such Syndication Company, PNV or PV, as may be applicable, may a director be removed or replaced.[16] A simplified version of a typical non-U.S. investment structure is presented below:



Further information related to the Syndication Company Proxies, the director succession provisions and the Administration Agreements is provided in Section VI.B.7. hereof.

The Arcapita Group believes that its "co-investment" strategy promoted, and continues to promote, a strong alignment of interests between the Arcapita Group and its investment clientele, which inures to the benefit of all parties to the investment. Historically, deal-by-deal investments have been favored by the Arcapita Group's core base of investors. Deal-by-deal investment offerings provided investors with a clear understanding of the underlying assets and uses of capital in any given investment, and allowed investors to customize

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16 To quell uneasiness among, and provide comfort to the investors in the Syndication Companies that, notwithstanding the Chapter 11 Cases, the interests of the Syndication Companies would be adequately protected, in February 2013, the existing directors of each Syndication Company, PNV and PV appointed to the board of directors of that entity (in some cases, replacing a director who had resigned) one of the Arcapita Group's longtime anchor investors; this investor, who is also currently a member of the board of directors of Arcapita Bank, is a significant holder of equity interests in the Syndication Companies, PNVs and PVs and is well respected by the other Third-Party Investors.

their portfolio of investments based on their specific asset allocation interests. In choosing investments, the Arcapita Group generally engaged in a medium to long-term exit strategy. In many instances, the Arcapita Group's investments required, and will require, additional capital support to reach their potential or to be sold at a profit.

Beginning in 1997, the Arcapita Group sponsored its first investments, which consisted solely of private equity investments in assets based in the United States. In 2001, the Arcapita Group expanded its investment portfolio to include real estate assets. The Arcapita Group added infrastructure, as an area of asset class investment, to the Arcapita Group's portfolio in 2004, and added venture capital in 2006. In addition to deal-by-deal investment products, in 2006 the Arcapita Group expanded its product classes to include investment funds. The Arcapita Group expanded its physical presence beyond the Middle East and United States to include Europe in 2002 and Asia in 2008. The investment funds offering allowed the Arcapita Group to diversify its investor base to include investors who typically do not invest on a deal-by-deal basis.

Since its formation, the Arcapita Group has sponsored approximately 75 investments with aggregate transaction value in excess of $28 billion in its four asset classes: private equity (32 investments at approximately $8 billion), real estate (34 investments at approximately $13 billion), infrastructure (8 investments at approximately $7 billion) and venture capital ($200 million fund). Of the 75 sponsored investments, Arcapita Group has fully realized 36 such investments. Successful exits include well-known companies based in the United States such as Church's Chicken, Tender Loving Care and Caribou Coffee.

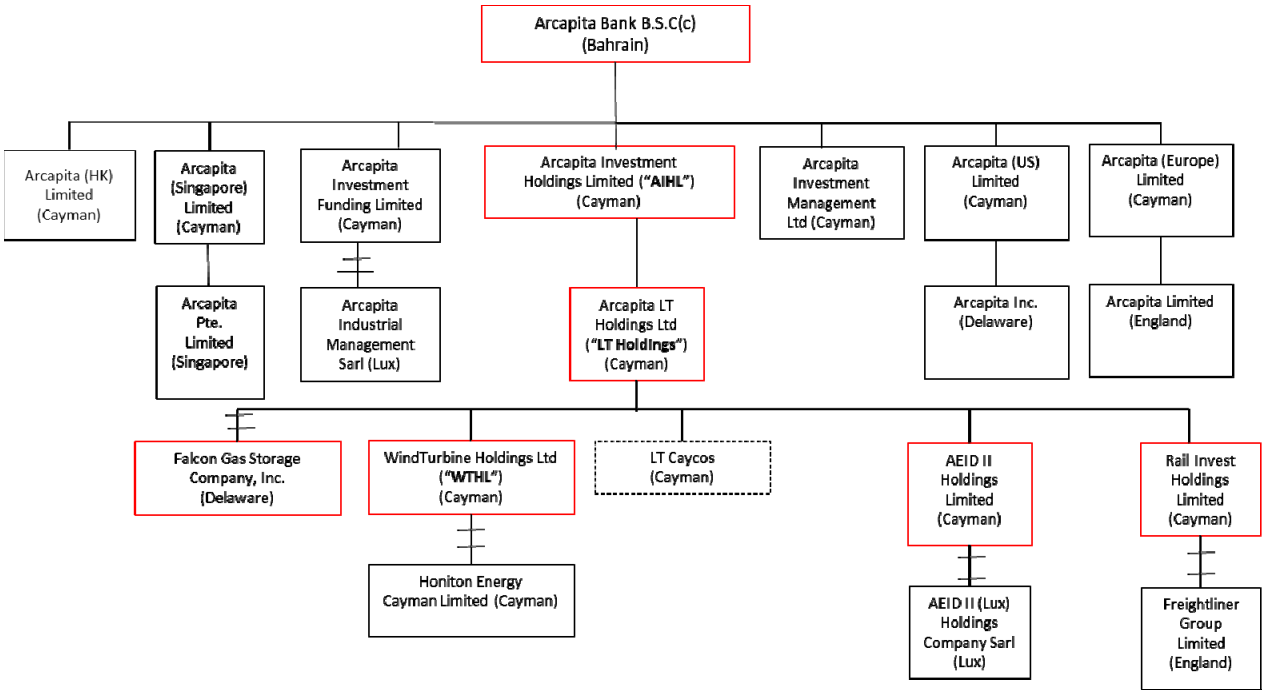
C. ARCAPITA GROUP'S PREPETITION CORPORATE AND CAPITAL STRUCTURE

As discussed above, Arcapita Bank is a privately owned Shari'ah-compliant investment company, the equity of which is held by approximately 360 shareholders. As previously mentioned, Arcapita Group's subsidiary holding companies generally hold minority ownership interests in a global portfolio of operating companies and other portfolio assets (including interests in joint ventures).

AIHL, a wholly-owned subsidiary of Arcapita Bank, was incorporated as a Cayman Islands exempted company in 1998 for the purpose of holding Arcapita Group's ownership interests in investments. Debtor AIHL owns 100% of Debtor LT Holdings, a Cayman Islands exempted company, which in turn owns 100% of the shares of each of the following subsidiary Debtors: WTHL, AEID II Holdings and Railinvest, each a Cayman Islands exempted company. WTHL, AEID II Holdings and Railinvest each hold the Arcapita Group's long-term investment in a portfolio company, and each sought the protection of chapter 11 as a result of its guarantee of the SCB Facilities. LT Holdings also owns 100% of the shares of each of the Arcapita Group's non-debtor affiliates that hold the Debtors' Long-Term Holdings in the Arcapita Group's other portfolio companies.

Debtor Falcon is an indirect wholly-owned subsidiary of LT Holdings that previously owned the natural gas storage business NorTex Gas Storage Company, LLC ("***NorTex***"), which was sold in April 2010. Falcon is a non-operating entity that holds certain escrowed funds that are the subject of an ongoing litigation relating to the sale of NorTex.

Falcon is discussed further in Section V.H. hereof. The Arcapita Group's simplified corporate structure is as follows:



As of the Petition Date, the material indebtedness of the Debtors was as follows:

1. Secured Debt of Arcapita Bank and Certain Subsidiaries Owed to SCB

a. SCB May 2011 Facility

Arcapita Bank obtained financing under a Master Murabaha Agreement dated May 30, 2011 by and between Arcapita Bank and SCB as Investment Agent (as amended, restated, supplemented, and/or otherwise modified, the "***SCB May 2011 Facility***") which matured March 28, 2012. The obligations of Arcapita Bank under the SCB May 2011 Facility are (i) guaranteed by AIHL, LT Holdings and WTHL, and (ii) secured by a pledge of (A) AIHL's shares in LT Holdings and (B) LT Holdings's shares in WTHL, AEID II Holdings and Railinvest. As of the Petition Date, the aggregate Claims arising under the SCB May 2011 Facility (the "***SCB May 2011 Facility Claims***") were approximately $46.6 million.

b. SCB December 2011 Facility

Arcapita Bank obtained financing under a Master Murabaha Agreement dated December 22, 2011 by and between Arcapita Bank and SCB as Investment Agent (as amended, restated, supplemented, and/or otherwise modified, the "***SCB December 2011 Facility***") which matured on March 28, 2012. The obligations of Arcapita Bank under the SCB December 2011 Facility are (i) guaranteed by AIHL, LT Holdings, WTHL, AEID II Holdings and Railinvest, and (ii) secured by a pledge of (A) AIHL's shares in LT Holdings and (B) LT Holdings's shares in

WTHL, AEID II Holdings and Railinvest. As of the Petition Date, the aggregate Claims arising under the SCB December 2011 Facility (the "***SCB December 2011 Facility Claims***") were approximately $50.0 million.

The SCB May 2011 Facility Claims and the SCB December 2011 Facility Claims are classified in Classes 2(a)-(f).

2. Unsecured Debt of Arcapita Bank and Certain Subsidiaries

a. Syndicated Facility

Arcapita Bank obtained financing under a Master Murabaha Agreement dated as of March 28, 2007 by and between Arcapita Bank, AIHL and WestLB, AG, London Branch, as Investment Agent (as amended, restated, supplemented, and/or otherwise modified, the "***Syndicated Facility***"). The obligations under the Syndicated Facility matured on March 28, 2012 and are guaranteed by AIHL. The obligations under the Syndicated Facility are unsecured. As of the Petition Date, the aggregate Claims arising under the Syndicated Facility (the "***Syndicated Facility Claims***") were approximately $1.102 billion. These claims are based on the "deferred purchase price" as provided in the Syndicated Facility (consisting of the aggregate cost price, the profit element and certain mandatory costs).

The Syndicated Facility Claims are classified in Classes 4(a)-(b).

b. Arcsukuk Facility

Arcapita Bank is the sponsor, and liable, under a Murabaha and Wakala Agreement dated as of September 7, 2011 by and between Arcapita Bank, Arcsukuk (2011-1) Limited as Issuer and Trustee (in such capacity, the "***Arcsukuk Trustee***"), Arcapita Investment Funding Limited as Wakeel, and BNY Mellon Corporate Trustee Services Limited as Delegate (as amended, restated, supplemented, and/or otherwise modified, the "***Arcsukuk Facility***"). The stated maturity date under the Arcsukuk Facility is September 7, 2013. The obligations under the Arcsukuk Facility are guaranteed by AIHL.[17] Certificates in the Arcsukuk Facility were issued by Arcsukuk (2011-1) Limited, a non-Debtor affiliate of Arcapita Bank, which serves as the trustee under a declaration of trust in favor of beneficiaries that are the registered holders of the Arcsukuk Facility certificates. The obligations under the Arcsukuk Facility are unsecured. As of the Petition Date, the aggregate Claims arising under the Arcsukuk Facility (the "***Arcsukuk Claims***") were approximately $100.2 million.

The Arcsukuk Claims are classified in Classes 4(a)-(b).

3. Unsecured Debt of Arcapita Bank

a. CBB Facility

Arcapita Bank obtained financing under a $250 million Murabaha facility provided by the CBB dated as of March 23, 2009 (as amended, restated, supplemented, and/or

[17] The Plan preserves the right for parties with standing to pursue an action seeking to avoid this guarantee.

otherwise modified, the "***CBB Facility***"). The CBB Facility consists of (i) five tranches of $50 million each, four of which mature on a quarterly basis and, prior to the Petition Date, were to be refinanced quarterly into a new tranche of the same principal amount, and one of which matures on a weekly basis and, prior to the Petition Date, was to be refinanced weekly into a new tranche of the same principal amount, and (ii) one tranche of paid-in-kind profit facility, in the amount of $3.1 million, which matures on a quarterly basis. The obligations under the CBB Facility are unsecured and are not guaranteed. As of the Petition Date, the aggregate Claims arising under the CBB Facility (the "***CBB Facility Claims***") were approximately $255.1 million.

The CBB Facility Claims are classified in Class 5(a).

b. SIF Facilities

Arcapita Bank obtained financing under five strategic investor Murabaha facilities denominated in U.S. dollars and two strategic investor facilities denominated in GBP (collectively, the "***SIF Facilities***"). The obligations under the SIF Facilities are unsecured and are not guaranteed. As of the Petition Date, the aggregate Claims arising under the SIF Facilities (the "***SIF Facility Claims***") were approximately $131.4 million.

The SIF Facility Claims are classified in Class 5(a).

c. Interbank Facilities

Arcapita Bank obtained financing under five short-term regional bank facilities denominated in U.S. dollars, Euros and Bahraini dinar (collectively, the "***Interbank Facilities***"). The obligations under the Interbank Facilities are unsecured and are not guaranteed. As of the Petition Date, the aggregate Claims arising under the Interbank Facilities (the "***Interbank Facility Claims***") were approximately $18.4 million (using an exchange rate of US$1.3168 to EUR€1.000, and US$2.6455 to BHD1.000, where applicable).

The Interbank Facility Claims are classified in Class 5(a).

d. Claims of Transaction Holdcos, Syndication Companies and Related Holding Companies

The Transaction Holdcos, Syndication Companies, PNVs and/or other intermediary holding companies of acquired portfolio companies (and on rare occasions, the portfolio companies themselves) occasionally maintained cash balances in the ordinary course of business with Arcapita Bank, which cash balances Arcapita Bank deposited in its bank account at JPMorgan Chase Bank. These cash placements give rise to general unsecured claims of these companies against Arcapita Bank (the "***Transaction Holdco/Syndication Company Claims***"). As of the Petition Date, these claims, which were not regarded or treated as intercompany claims by the Arcapita Group and which are not treated as Intercompany Claims under the Plan, equaled approximately $376 million in the aggregate (which amount includes the approximately $15.2 million claim of Falcon against Arcapita Bank for funds of Falcon held on account by Arcapita Bank as of the Petition Date). The claim of QRE arising from the $196 million placed with Arcapita Bank pursuant to the QRE Letter Agreement (described further in Section VI.B.4. hereof), has been scheduled by the Debtors as a General Unsecured Claim against Arcapita

Bank. For purposes of treatment under the Plan, however, QRE will receive payment in full of its claim in accordance with the QRE Letter Agreement, which will be assumed and assigned by the Debtors on modified terms. The QRE Letter Agreement, as modified, will provide that the funds placed with Arcapita Bank will be payable to QRE upon the sale of the Lusail Joint Venture. Accordingly, the $196 million claim of QRE is not included in the Transaction Holdco/Syndication Company Claims.

The Transaction Holdco/Syndication Company Claims are classified under the Plan in Class 5(a).

e. Investor URIA, RIA and Murabaha Claims

In the ordinary course of the Debtors' business, certain third-party investors placed cash, in the form of Unrestricted Investment Accounts ("***URIA***") and Restricted Investment Accounts ("***RIA***"), with Arcapita Bank. In connection with such placement of funds, certain third-party investors granted Arcapita Bank discretionary authority with respect to the management and investment of the URIAs and RIAs. In addition, certain third-party investors entered into Murabaha financings with Arcapita Bank. The Plan contemplates that a third-party investor's URIA position, RIA position and/or Murabaha position with Arcapita Bank at the Petition Date gives rise to General Unsecured Claims against Arcapita Bank (the "***Investor Claims***"). Investor Claims were approximately $320 million on the Petition Date.

The Investor Claims are classified in Class 5(a).

f. Placement Bank Claims

Prior to the Petition Date, Arcapita Bank had placed deposits with certain banks pursuant to various investment agreements. Three banks in particular, Al Baraka Islamic Bank ("***Al Baraka***"), Bahrain Islamic Bank ("***BisB***") and Tadhamon Capital (collectively, the ***"Placement Banks***"), have withheld or set off Arcapita Bank's deposits against funds that the Placement Banks had deposited with Arcapita Bank or against debts otherwise owed by Arcapita Bank to the Placement Banks. The Placement Banks have withheld the approximate amounts set forth below (the "***Withheld Funds***") claiming that they are entitled to set off the Withheld Funds against amounts the Placement Banks had deposited with Arcapita Bank:

- Al Baraka: $5,000,212
- BisB: $10,002,292
- Tadhamon Capital: $20,025,417[18]

The Placement Banks obtained the Withheld Funds as part of Shari'ah compliant deposit transactions in which Arcapita Bank placed funds with the Placement Banks ("***Placements***") for a specified period of time, and the Placement Banks promised a stated return. The deposit transactions were accomplished through commonly used Shari'ah compliant "wakala" master agreements and then individual investment agreements pursuant thereto. The

[18] Tadhamon refunded $1,412,050.63 of this amount in December 2012.

actual transfer of funds from Arcapita Bank to the Placement Banks was often made separately from the actual stated "investment date" of any individual Placement contract and often were simply "roll overs" of funds from maturing prior Placements.

Similar to the Placements, Arcapita Bank also received deposits from the Placement Banks ("***Takings***") for a specified period of time, and Arcapita Bank promised a stated return. Each Taking was made pursuant to a master agreement and individual investment agreements with each of the Placement Banks and in the case of Tadhamon Capital, a Murabaha term "loan."

The Debtors intend to vigorously dispute the right of the Placement Banks to set off the Withheld Funds. A discussion of the merits of any proposed set off by the Placement Banks and related causes of action of Arcapita Bank against the Placement Banks is included in Section VI.B.10. hereof. To the extent that the Placement Banks hold any Claims against Arcapita Bank related to the Takings or otherwise, such Claims (except to the extent, if any, that the Placement Banks prevail in their assertion of secured set off claims) are treated in Class 5(a) of the Plan. To the extent, and only to the extent, that the Placement Banks prevail in their assertion of secured set off claims, the Claims of the Placement Banks are treated in Class 3(a) of the Plan.

4. Rights Offering Claims

In late 2010, Arcapita Bank commenced a rights offering to its then current shareholders of up to $500 million of Arcapita Bank Shares at a price of $3.00 each per Share and, for any Shares not subscribed by the then current shareholders, a subsequent series of offerings to third-party investors at a price of $3.00 each per Share (collectively, the "***Rights Offering***"). The Rights Offering was formally closed in early 2012. Under the Rights Offering, Arcapita Bank accepted the subscriptions from the then current shareholders and third-party investors (the "***Rights Offering Participants***") for 27,700,054 Shares and received $83,100,161 in subscription proceeds. Upon closing, the steps to formally issue the Shares under Bahrain law were commenced but were not finalized as of the Petition Date and the Shares were therefore not formally issued as a matter of Bahrain law. The rights of the Rights Offering Participants to receive the Arcapita Bank Shares contemplated by the Rights Offering give rise to Subordinated Claims against Arcapita Bank (the "***Rights Offering Claims***").

The Rights Offering Claims are classified in Class 8(a).[19]

5. Other Claims

In addition to the obligations described above, the Debtors, on the Petition Date, owed General Unsecured Claims to third-party creditors and Intercompany Claims to other

[19] Certain Rights Offering Participants have objected to the Rights Offering Claims classified in Class 8(a) on the grounds that the steps to formally issue the Shares under Bahraini law were not finalized as of the Petition Date and therefore, the rights of the Rights Offering Participants to receive the Arcapita Bank Shares contemplated by the Rights Offering are not Subordinated Claims but give rise to Class 5(a) General Unsecured Claims against Arcapita Bank. The Debtors disagree with this assertion.

Debtors and their Affiliates. These obligations are treated in Classes 5(a)-(g) and 7(a)-(g) of the Plan, respectively.

Any Claims against Arcapita Bank and/or Falcon that are subject to subordination are treated in Classes 8(a), 8(g), 10(a) or 10(g) of the Plan.

IV. EVENTS LEADING TO DECISION TO COMMENCE CHAPTER 11 CASES AND POSTPETITION DEVELOPMENTS

A. IMPACT OF THE GLOBAL RECESSION

The global economic downturn and, in particular, the recent Eurozone debt crisis adversely impacted the Arcapita Group. These events hampered the Arcapita Group's ability to obtain liquidity from the capital markets and severely limited the Debtors' options for refinancing the $1.1 billion Syndicated Facility, which was to mature on March 28, 2012. Compounding the difficulties caused by a shrinking credit market, the dramatic global slowdown in M&A activity significantly hampered the Arcapita Group's ability to generate liquidity through timely exits from its investments in maturing portfolio companies.

In response to the global economic downturn, the Arcapita Group engaged in a number of cost saving measures in an attempt to prevent or forestall a liquidity crisis. Beginning in 2008 and continuing into 2011, the Arcapita Group engaged in a coordinated effort to deleverage the consolidated balance sheet of the entire enterprise, and successfully reduced its debt load by over $1 billion. Beginning in 2009, Arcapita Group's management additionally engaged in operational cost cutting measures that successfully reduced staff and general and administrative expenses by over 40% as measured from 2008 to 2011. The Arcapita Group also successfully exited certain portfolio investments, and, in 2010, Arcapita Bank enhanced its liquidity position by engaging in a sale and leaseback transaction with respect to its Bahrain corporate headquarters building.

B. RESTRUCTURING INITIATIVES AND DECISION TO FILE THE CHAPTER 11 CASES

Despite these austerity measures, management of the Arcapita Group recognized that the ability to pay-off or refinance the Syndicated Facility in March 2012 would be unlikely if the Eurozone debt crisis continued. Accordingly, management engaged in discussions with significant holders of the Syndicated Facility, some of whom formed a steering committee (the "***Steering Committee***") to coordinate discussions and negotiations related to the Syndicated Facility. The Arcapita Group worked diligently to negotiate and implement an out-of-court restructuring which would enable the Arcapita Group to (i) restructure its debt, (ii) weather the current economic conditions, and (iii) realize the full value of its assets over time for the benefit of the Debtors' creditors, shareholders, investors and other stakeholders. Toward that goal, the Arcapita Group's management met with the Steering Committee and other holders of the Syndicated Facility in February 2012 to present a business plan for a leaner and more efficient business enterprise and to offer a proposal for the restructuring of the Syndicated Facility.

While the Arcapita Group was able to garner general support for an out-of-court restructuring from its creditor body, it was unable to achieve the 100% lender consent required to effectuate the terms of any modification to the Syndicated Facility (including an extension of its

maturity date). More troubling, however, were the demands of a payoff at par by certain minority holders (the "***Minority Holders***") of the Syndicated Facility who, the Debtors are informed and believe, purchased their holdings at discounted prices. These demands were accompanied by threats of precipitous actions in various jurisdictions which would have undermined the Debtors' going concern value to the detriment of other creditors, investors and other stakeholders.

In the face of the threats of the Minority Holders, management of the Arcapita Group carefully considered reorganization options under the laws of various jurisdictions, including the United States. After thoughtful analysis, management determined that chapter 11 filings in the United States presented the most appropriate and effective vehicle to implement a comprehensive restructuring plan for all Debtors that would maximize recoveries for all creditors and stakeholders. Following this determination, on March 19, 2012, the Initial Debtors (as defined below) commenced the Chapter 11 Cases.

V. THE CHAPTER 11 CASES

A. THE COMMENCEMENT OF THE CHAPTER 11 CASES

On March 19, 2012, Arcapita Bank, AIHL, LT Holdings, WTHL, AEID II Holdings, and Railinvest (collectively, the "***Initial Debtors***") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court. On April 30, 2012, Falcon filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and, pursuant to an order of the Bankruptcy Court, certain previous orders pertaining to the Initial Debtors were made applicable to Falcon [Docket No. 239] (collectively with the chapter 11 cases of the Initial Debtors, the "***Chapter 11 Cases***").

The Debtors' Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b), for administrative purposes only, under the caption *In re Arcapita Bank B.S.C.(c), et al.*, Case No. 12-11076 (SHL) in the Bankruptcy Court for the Southern District of New York, before the Honorable Sean H. Lane, United States Bankruptcy Judge.

The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases. The Committee was appointed by the Office of the United States Trustee for the Southern District of New York (the "***U.S. Trustee***") on April 5, 2012 pursuant to section 1102 of the Bankruptcy Code.

Upon commencement of the Chapter 11 Cases, all actions and proceedings against the Debtors and all acts to obtain property from the Debtors were stayed, and continue to be stayed, under section 362 of the Bankruptcy Code. The Debtors are continuing to operate their business and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

With the Bankruptcy Court's approval, the Debtors retained the following professionals to represent the Debtors and assist them in connection with the Chapter 11 Cases:

- Gibson, Dunn & Crutcher LLP, as bankruptcy counsel [Docket No. 142];

- Rothschild Inc. and N M Rothschild & Sons Limited (together, "***Rothschild***"), as financial advisors and investment bankers [Docket No. 305];
- Alvarez & Marsal North America, LLC ("***A&M***"), as financial advisors [Docket No. 317];
- Trower & Hamlins LLP, as Bahraini coordinating counsel [Docket No. 137];
- Linklaters LLP, as special counsel [Docket No. 146];
- King & Spalding LLP and King & Spalding International LLP, as special counsel [Docket No. 315];
- Mourant Ozannes, as special counsel [Docket No. 313];
- KPMG LLP (US), as tax consultants [Docket No. 314, 850];
- KPMG LLP (UK), as valuation advisor [Docket No. 335];
- Antony Zacaroli, Queen's Counsel, as special counsel [Docket No. 862];
- Ernst & Young, as auditor [Docket No. 312]; and
- Garden City Group, as Balloting and Claims Agent [Docket No. 41, 42].

The Bankruptcy Court also entered orders (i) authorizing implementation of orderly procedures for interim compensation and reimbursement of expenses of restructuring professionals [Docket No. 159], and (ii) authorizing the employment of ordinary course professionals and setting forth procedures for their compensation [Docket Nos. 145 and 195].

B. APPOINTMENT OF THE COMMITTEE

On April 5, 2012, the U.S. Trustee appointed the Committee to represent the interests of unsecured creditors in the Chapter 11 Cases [Docket No. 60]. While the Committee originally included Euroville S.à.r.l., the Committee currently consists of the following six members:

National Bank of Bahrain BSC	Commerzbank AG
VR Global Partners, L.P.	Barclays Bank PLC
Central Bank of Bahrain	Arcsukuk (2011-1) Limited, c/o BNY Mellon Corporate Trustee Services Limited

With the approval of the Bankruptcy Court, the Committee retained the following professionals:

- Milbank, Tweed, Hadley & McCloy LLP, as its attorneys [Docket No. 289];
- Houlihan Lokey Capital, Inc., as its financial advisor and investment banker [Docket No. 482];
- FTI Consulting, Inc., as its financial advisor [Docket No. 286];
- Hassan Radhi & Associates, as its Bahraini counsel [Docket No. 287];
- Walkers Global, as its Cayman Islands counsel [Docket No. 291]; and
- Epiq Bankruptcy Solutions, LLC, as its information agent [Docket No. 373].

C. CAYMAN ISLANDS PROCEEDING

As discussed above in Section III.C., AIHL is a Cayman Islands exempted company that indirectly holds all of the Debtors' equity interests in the Arcapita Group portfolio companies as well as the equity interests in various special purpose Cayman Islands companies (the "***WCFs***") that provide working capital financing to the portfolio companies. Based on the threat that the Minority Holders might seek to increase their own returns (to the detriment of the Debtors' other creditors and stakeholders) by taking precipitous actions against AIHL and its property in the Cayman Islands, notwithstanding that such actions might violate the automatic stay imposed by section 362 of the Bankruptcy Code,[20] AIHL, immediately after the filing of the chapter 11 bankruptcy petitions by the Initial Debtors, issued a summons (the "***Summons***") seeking ancillary relief from the Grand Court of the Cayman Islands (the "***Cayman Court***") thereby commencing FSD Cause No. 45 of 2012-AJ (the "***Cayman Proceeding***"). The Summons was accompanied by a petition for a winding-up (or liquidation) order as to AIHL, with a request that the petition be adjourned to a date to be fixed pending the outcome of the proceedings before the Bankruptcy Court.

On March 20, 2012, the Cayman Court entered an order (the "***Commencement Order***") enjoining creditors from taking actions against AIHL in the Cayman Islands, appointing Gordon MacRae and Simon Appell of Zolfo Cooper (Cayman) Limited as joint provisional liquidators of AIHL (the "***JPLs***") pursuant to s.104(3) of the Cayman Companies Law (2011 Revision), and also staying the winding-up of AIHL. Effectively, the Commencement Order ensures that AIHL creditors cannot ignore the automatic stay, or claim that it does not apply to them or AIHL's assets, and pursue enforcement or collection proceedings in the courts of the Cayman Islands.

The Commencement Order appointed the JPLs to monitor, oversee and assist the exercise of AIHL's directors' powers of management and AIHL's participation in the Chapter 11 Case. However, the Commencement Order specifically provides that (i) the JPLs will not

[20] Among other things, section 362 of the Bankruptcy Code automatically enjoins all of the Debtors' creditors from commencing or continuing any actions against AIHL or its property, wherever located.

supersede the directors of AIHL or their authority to control and direct AIHL's Chapter 11 Case, and (ii) the JPLs are not appointed as a "foreign representative" within the meaning of section 101(24) of the Bankruptcy Code and are not authorized or required to seek recognition under Chapter 15 of the Bankruptcy Code.

The JPLs and the Debtors subsequently agreed upon a protocol governing the interaction of AIHL and the JPLs (the "***Cross Border Protocol***") and setting out the terms pursuant to which the JPLs would oversee, monitor and assist the AIHL directors in operating AIHL and its participation in the Chapter 11 Cases, without superseding the directors' authority to control and direct AIHL and its Chapter 11 Case. On August 30, 2012, the Cayman Court approved the JPLs' entry into the Cross Border Protocol, and on September 11, 2012, the Bankruptcy Court entered an order authorizing AIHL to execute the Cross Border Protocol [Docket No. 471].

D. EARLY EFFORTS TO STABILIZE THE BUSINESS AND OPERATIONS OF THE DEBTORS

Beginning with the commencement of the Chapter 11 Cases, the Debtors filed various motions before the Bankruptcy Court for orders intended to stabilize the business of the Debtors and to provide for the orderly administration of the Chapter 11 Cases.

1. First Day Motions

Along with their chapter 11 petitions, the Initial Debtors filed several motions that resulted in the following orders, some of which are discussed in more detail below:

- Order Directing Joint Administration of Related Chapter 11 Cases [Docket No. 16];
- Order Providing Extension of Time to File Schedules and Statements of Financial Affairs [Docket No. 18];
- Order Confirming the Protections of Sections 362 and 365 of the Bankruptcy Code and Restraining Any Action in Contravention Thereof [Docket No. 19];
- 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 Matrix, (B) Authorizing Filing of a Consolidated List of Top 50 Unsecured Creditors, and (C) Approving Case Management Procedures [Docket No. 21];
- Order Granting the Debtors Additional Time to File Reports of Financial Information Pursuant to Federal Rule of Bankruptcy Procedure 2015.3(a) [Docket No. 20] (*see* further discussion below);
- Interim Orders (A) Authorizing Debtors to (I) Continue Existing Cash Management System, Bank Accounts, and Business Forms and (II) Continue Ordinary Course Intercompany Transactions, and (B) Granting an Extension of Time to Comply with the Requirements of Section 345(b) of the Bankruptcy Code

[Docket No. 22] (*see* further discussion below) (the "***Cash Management Motion***");

- Final Orders Authorizing (A) Debtors to Pay Certain Prepetition Claims of Critical and Foreign Vendors, and (B) Financial Institutions to Honor and Process Related Checks and Transfers [Docket No. 147] (*see* further discussion below);

- Final Orders Authorizing the Debtors to (A) Pay Certain Prepetition Wages, Salaries, and Reimbursable Employee Expenses, (B) Pay and Honor Employee Medical and Similar Benefits, and (C) Continue Employee Compensation and Employee Benefit Programs [Docket No. 136] (*see* further discussion below); and

- Final Orders (A) Authorizing the Debtors to Continue Insurance Coverage Entered into Prepetition and to Pay Obligations Relating Thereto, and (B) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers [Docket No. 139].

2. Order Authorizing Continued Use of Cash Management System and Bank Accounts

Prior to the filing of the Chapter 11 Cases, the Arcapita Group maintained an integrated cash management system pursuant to which the collection of funds generated by, and disbursements to cover expenses of, the Debtors and their affiliates were centralized in one master collection/disbursement account at JPMorgan Chase Bank in the name of Arcapita Bank (the "***Master Account***"). In addition to the Master Account, the Arcapita Group maintained bank accounts throughout the world for the purposes of facilitating the payment of Debtor and non-Debtor expenses in foreign currencies, and certain subsidiaries maintained their own separate bank accounts for various business purposes (collectively, the "***Local Disbursement Accounts***"). Typically, all cash generated by the Debtors and their non-Debtor subsidiaries (in the form of management fees, asset sale proceeds and dividend income) flowed to the Master Account, and all ordinary course expenses of the Debtors, including payroll, rent, professional fees and other administrative expenses, were paid from the Master Account, either directly to the ultimate recipient or through the Local Disbursement Accounts.

With respect to investments in Arcapita Group portfolio companies and other assets prior to the Petition Date, the primary acquisition was generally funded from the Master Account, with a corresponding debit applied to an accounting ledger created for the particular investment. Upon receipt of third-party funds related to the investment, the cash was generally retained in the Master Account, with a corresponding credit applied to the respective accounting ledger. In the ordinary course of business, funds held in the Master Account were routinely invested in various short-term interbank lending arrangements of up to three months in duration (the "***Interbank Loans***").

Pursuant to section 345 of the Bankruptcy Code and certain operating guidelines established by the U.S. Trustee, a debtor is required to close all prepetition bank accounts and open new postpetition "debtor-in-possession" bank accounts, print the words "debtor-in-possession" on all checks and business forms, and invest all monies in investments that are

guaranteed or insured by the United States, with certain exceptions (the "***Investment Guidelines***"). In order to avoid the potential disruption to business operations caused by the closing of current bank accounts, obtaining new check stock and business forms and a revision to the Debtors' prepetition cash management system, the Debtors filed a first day motion for an order authorizing the Debtors to continue to use their current cash management system and business forms and engage in intercompany transactions in the ordinary course of business. In addition, the Debtors sought a 45-day extension with respect to compliance with the Investment Guidelines. To preserve the integrity of each of the separate Debtor estates, the Debtors also agreed to prohibit investments of cash from the Master Account to any non-Debtor portfolio company investment outside the ordinary course of business, and to afford Administrative Expense status to any postpetition intercompany transfers of cash among the Debtors.

On March 22, 2012, the Bankruptcy Court, ruling on the Debtors' Cash Management Motion, entered an interim order authorizing the Debtors, among other things, to use a limited amount of cash and to maintain their prepetition cash management system, bank accounts and business forms [Docket No. 22], subject to certain modifications described in the following paragraphs. Instead of proceeding to a final hearing and a final order on the Cash Management Motion, the Debtors have continued to use cash, based on budgets approved by the Committee and the JPLs, through a series of interim orders. [Docket Nos. 62, 86, 133, 198, 310, 369, 472, 578, 631, 724, 787, 861 and 944]. Subject to the terms of the debtor in possession financing discussed below, the Debtors expect to maintain the same procedure through the Effective Date of the Plan.

Subsequent to the filing of the Chapter 11 Cases, the Debtors established a new collection/disbursement account at JPMorgan Chase Bank in the name of AIHL (the "***AIHL Account***"), and the JPLs established an AIHL account in the Cayman Islands controlled by the JPLs (the "***JPL AIHL Account***"). After the Petition Date, the Debtors largely continued their prepetition practices with respect to the Master Account, with two significant exceptions. First, after the Petition Date, the Debtors have deposited in the AIHL Account (rather than the Master Account) all funds received from the disposition of the Debtors' equity interests in portfolio companies or from repayment of Murabaha financings owed to the WCFs owned by AIHL. Second, all amounts funded pursuant to the DIP Facility have been initially deposited in the AIHL Account.

Prior to the funding of the DIP Facility, the AIHL Account served solely as the funding source for Deal Fundings (as defined below), which Deal Fundings were funded through the WCFs. Subsequent to the funding of the DIP Facility, the AIHL Account has replaced the Master Account as the central funding account from which funds are transferred to the Master Account to pay ordinary course expenses of the Debtors, including payroll, rent, professional fees and other administrative expenses, and to the WCFs to make required Deal Fundings. By contrast, the JPL AIHL Account has a more limited purpose. Certain funds have been transferred, from either the Master Account or the AIHL Account, to the JPL AIHL account to ensure the payment of the fees and expenses of the JPLs and their counsel.

3. Order Extending the Deadlines to File Schedules and Statements of Affairs

Given the size and complexity of the Debtors' business operations, the number of creditors involved in the Chapter 11 Cases (many of whom are foreign creditors), the international scope of the Debtors' operations, and the number of non-Debtor affiliates that the Debtors control or in which the Debtors hold a substantial interest, the Bankruptcy Court granted the Debtors' request for an order granting additional time to file (a) their schedules and statements of financial affairs required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and (b) their reports of financial information of non-Debtor entities in which the Debtors hold a controlling or substantial interest required by Bankruptcy Rule 2015.3 through and including May 3, 2012. The Bankruptcy Court subsequently extended the deadline for the filing of the schedules and statements of financial affairs and the Bankruptcy Rule 2015.3 reports to June 8, 2012 [Docket No. 140]. On June 8, 2012, the Debtors filed their schedules and statements of financial affairs and the reports required by Bankruptcy Rule 2015.3 [Docket Nos. 212-232] (the "***Schedules***"). On February 4, 2013, Arcapita Bank filed an amendment to Schedule F (Creditors Holding Unsecured Nonpriority Claims) of its schedules of assets and liabilities [Docket No. 821] (the "***Schedule Amendment***"), as described further below, and an amendment to its Statement of Financial Affairs [Docket No. 822]. The Schedules and the Schedule Amendment were prepared by the Debtors, with the assistance of their retained professionals. Neither the Schedules nor the Schedule Amendment were prepared or audited by an independent third party. The Debtors' schedules and statements of financial affairs and the reports required by Bankruptcy Rule 2015.3 are on file with the Clerk of the Bankruptcy Court for the Southern District of New York, and may be accessed through the Clerk's website at http://www.nysb.uscourts.gov by following the directions for accessing the ECF system on such website, or through the website maintained by the Balloting and Claims Agent, www.gcginc.com/cases/arcapita/schedules.php.

4. Order Authorizing Payment to Critical and Foreign Vendors

As a leading global provider and manager of Shari'ah-compliant alternative investments, the Debtors service a diverse set of clients and customers located throughout the world and, in particular, the Middle East. In light of the international scope of the Debtors' businesses, prior to the Petition Date the Debtors incurred obligations to numerous vendors that provide the Debtors with critical services and goods, as well as other foreign vendors, in connection with their business operations. Services critical to the Debtors' business include utility services, credit card services, auditing services, building management services, telecommunications services and security services. Absent these services, the Debtors' operations would be severely impaired.

At the outset of the Chapter 11 Cases, the Debtors identified certain "***Critical Vendors***," based on either of the following:

> (a) the vendor provides unique or specifically engineered goods or services that are crucial to the continued operation of the Debtors' business, and for which no readily available alternative vendors can be found with reasonable diligence; or

(b) the vendor provides essential goods and services for which replacement with alternative vendors would be prohibitively expensive due to the lead time required to change vendors, the alternative vendors' geographical remoteness from the Debtors' operations, and/or the preferential terms that have been locked-in with the current vendor.

In addition to Critical Vendors, the Debtors must necessarily procure a significant amount of goods and services from vendors with little to no connection with the United States, and the Debtors may also incur fees to foreign governmental and licensing authorities outside the United States (collectively, the "***Foreign Vendors***"). While the Foreign Vendors are subject to the automatic stay as a matter of U.S. bankruptcy law, as a practical matter the Debtors' ability to enforce the stay provisions may be limited. Indeed, based on the substantial experience of the Debtors' management in the industrial region in which the Debtors operate, and their knowledge of the Foreign Vendors, there was a significant risk that the Foreign Vendors would consider themselves to be beyond the jurisdiction of the Bankruptcy Court, disregard the automatic stay, and engage in conduct that would have disrupted the Debtors' operations, including the exercise of self-help remedies permitted by local law, foreclosure or attachment upon the Debtors' assets, and, in the case of Foreign Vendors who are governmental authorities, disruption of the Debtors' ability to do business in the relevant country.

To prevent a catastrophic disruption to business operations, the Debtors requested and, on May 17, 2012, obtained authority to pay those entities identified as Critical Vendors and Foreign Vendors all prepetition amounts due in an aggregate amount not to exceed $2.0 million [Docket No. 147].

5. Order Confirming Protections of the Automatic Stay

On March 22, 2012, the Debtors obtained an order confirming the worldwide application of sections 362 and 365 of the Bankruptcy Code and staying, restraining and enjoining all persons (including individuals, partnerships, corporations and all other entities) from taking any action anywhere in the world in contravention of the automatic stay and prohibiting the enforcement of contractual "*ipso facto*" clauses [Docket No. 19]. The purpose of the order was to make clear to foreign creditors outside of the United States the global-reach of the Bankruptcy Code and the potential sanctions that may result from a violation thereof.

6. Order Authorizing Continued Insurance Coverage

On May 15, 2012, the Bankruptcy Court authorized the Debtors to continue to maintain various insurance policies, with coverage for, among other things, property and casualty loss, and directors' and officers' liability naming the Debtors and their affiliates as the insureds [Docket No. 139]. The order includes a mechanism for notice to the Committee and a right to object to (i) the Debtors' payment of deductibles over $100,000 as to claims incurred prepetition, and (ii) the renewal or addition of coverage. The Debtors believe that their insurance policies and the proceeds thereof constitute property of their Estates.

7. Order Authorizing the Payment of Prepetition Wages and Honoring Benefits

As of the Petition Date, the Debtors employed 189 full time employees, two part-time employees, four interns (collectively, the "***Employees***") and one independent contractor. In the ordinary course of business, the Debtors compensate Employees with, among other things, salaries, expense reimbursement and allowances, officer compensation, and certain other forms of compensation (collectively, the "***Employee Compensation***").

As of the Petition Date, all Employees received a basic salary paid monthly, paid vacation days, sick leave, and were entitled to reimbursement for approved, legitimate expenses incurred in the scope of the Employees' employment ("***Reimbursable Expenses***"). In addition, certain management staff members in Bahrain were entitled to a fixed allowance to pay costs relating to housing, annual allotment of air travel and other living expenses. As of the Petition Date, the Debtors also compensated members of the board of directors of Arcapita Bank for attending meetings and reimbursement of travel expenses incurred. The single independent contractor was compensated separately on a monthly basis.

In addition to the Employee Compensation, the Debtors maintained certain insurance and benefit programs for their full time Employees and one part time Employee (collectively, the "***Employee Benefits***") which included medical insurance, accidental death and disability insurance, pension plans, an indemnity relating to certain Bahrain employees and certain relocation expenses. Other employee programs included the reimbursement of children's school fees for certain management staff (the "***School Fees***"), the reimbursement of tuition fees for Employee education intended to improve the Employee's expertise (the "***Tuition Fees***"), and the extension of interest-free loans to Employees under extenuating circumstances.

As of the Petition Date, the Debtors routinely deducted certain amounts from Employees' paychecks, including, without limitation, the Employees' share of payments due under pension plans and unemployment contributions.

On May 15, 2012, the Bankruptcy Court entered a final order approving the Debtors' authority to pay prepetition claims on account of Employee Benefits, School Fees and Tuition Fees, to honor obligations related to the employee-related programs, and to continue their employee-related programs in the ordinary course of business, provided that School Fees and Tuition Fees were only to be paid as they became due, and that Reimbursable Expenses were capped at $1,000 each [Docket No. 136].

8. Order Authorizing the Implementation of Employee Programs

After negotiations with the Committee and the JPLs, the Bankruptcy Court approved four employee programs, each of which addressed differing subsets of the Employees (collectively, the "***Employee Programs***") [Docket No. 303]:

(i) an Employee severance program (the "***Severance Program***");

(ii) the Key Employee Incentive Plan (or "***KEIP***");

(iii) the Key Employee Retention Program (or "***KERP***"); and,

(iv) a global settlement designed to resolve all claims between the Arcapita Group and its Employees with respect to certain prepetition co-investment incentive plans (the "***Global Settlement***"), each as described further below.

Notably, the motion and order concerning the Employee Programs does not cover the six members of existing Senior Management (defined below) who, instead, are addressed in the Senior Management Global Settlement discussed in Section VI.B.11. below.

(i) **Severance Program.** The Severance Program provided for the termination of employment of 96 Employees (the "***Terminated Employees***") to reduce costs and reflect the newly narrowed scope of the Arcapita Group's business operations. The Severance Program:

- complied with the Employees' contractual and statutory rights, provided consistent treatment across multiple jurisdictions, resolved other outstanding employee benefits and minimized severance cash outlays;

- established policies and procedures for notice payments, severance payments, deductions for employee obligations, bonus payments, repayments of IPP/IIP obligations (as described below), and holiday pay reimbursements, as well as treatment of Bahrain specific contractual non-management pensions for all Terminated Employees (and any other Employees who were terminated without cause during the Chapter 11 Cases); and

- cancelled the stock purchase plan and granted all Employees the right to file a proof of claim in the amount of unpaid 2011 bonuses, to the extent that such claims were omitted or misstated in the schedules and statements.

(ii) **KEIP Program.** The KEIP provided for performance-based incentive payments to 20 Employees of varying rank, including four insiders, based on their personal achievements during the Chapter 11 Cases (collectively, the "***KEIP Participants***"). The purpose of the KEIP was to properly align the KEIP Participants' interests with those of the Arcapita Group and its stakeholders. The proposed KEIP Participants fell into two categories: individuals whose responsibilities have increased due to the Chapter 11 Cases and the Cayman Proceeding, and individuals who oversee specific Arcapita Group portfolio companies. KEIP awards to be paid upon the achievement of performance goals range between three and twelve months' wages.

(iii) **KERP Program.** The KERP provided for the payment of a retention-based cash award to 39 non-insider employees across four jurisdictions (collectively, the "***KERP Participants***") intended to curb Employee attrition occurring since the Petition Date. The KERP proposed to make retention payments ranging from two to nine months' wages to each KERP Participant who remained employed by the Arcapita Group through the earlier of the effective date of a chapter 11 plan, or termination without cause. The KERP also provided for a small discretionary bonus pool of not more than $300,000 in the aggregate to be used at the discretion of senior management to incentivize other non-insider key Employees.

(iv) **Global Settlement.** The Global Settlement provided for the settlement of claims of the Arcapita Group against certain management Employees arising from co-investment

incentive plans. Historically, the Debtors maintained two equity incentive programs: the Investment Participation Program (the "***IPP***") for non-U.S. citizens and the Investment Incentive Program (the "***IIP***" and with the IPP, the "***IPP/IIP***") for U.S. citizens. In sum, the IPP/IIP afforded certain management level Employees the opportunity to co-invest with the Arcapita Group in portfolio companies and obtain shares (the "***Investment Shares***") using the proceeds of loans from the Arcapita Group that are repaid over time from future Employee bonus payments (with respect to the IPP) or through deferred compensation (with respect to the IIP).

With respect to the IPP, the Arcapita Group required its Employee participants to sign promissory notes in favor of Arcapita Bank in the amount of the unpaid portion of the relevant loan. With respect to the IIP, the Arcapita Group required its Employee participants to sign contingent loss reimbursement agreements ("***CLRA***"), which obligated the Employee participant to reimburse the Arcapita Group for any losses in the value of the underlying investment that are associated with the Investment Shares that have not been "paid" by offsetting accruing deferred compensation. As of the Petition Date, Arcapita Bank had potential claims against its Employee participants on account of unpaid outstanding loan obligations (with respect to the IPP) or under a CLRA (with respect to the IIP).

Pursuant to the Global Settlement, all Employees who participate in the IPP or the IIP (with the exception of certain Employees who do not meet a retention threshold and the six most senior management Employees who are covered by the Senior Management Global Settlement (discussed at Section VI.B.11. below)) would have the option of exchanging their "unpaid" Investment Shares for cancellation of their outstanding loan obligation (with respect to the IPP) or CLRA obligation (with respect to the IIP), provided that such Employees, if terminated, also agreed to forgo their statutory and contractual rights to notice and severance payments in return for a combined notice and severance payment capped at four months of notice and severance pay.

The Plan provides that employees participating in any of the Employee Programs and employed by the Arcapita Group on the Effective Date shall be "deemed" terminated on the Effective Date and all amounts due to these employees under the Employee Programs will be immediately payable (subject to compliance with certain obligations). However, as a consequence of the agreements reached in the Cooperation Settlement Term Sheet, the Reorganized Debtors shall receive a partial credit against the management fees payable to AIM under the Management Services Agreement in respect of these separation obligations. The credit will be equal to a specified percentage of the amounts due to each employee under the Employee Program and Global Settlement Order, and the percentage will vary depending upon whether the employee is employed by AIM or AIM Bahrain within one year of the Effective Date. The formula for calculating the credit against management fees is set forth in the Cooperation Settlement Term Sheet attached hereto as Exhibit L.

E. SIGNIFICANT ORDERS REGARDING ONGOING BUSINESS OPERATIONS

1. Orders Authorizing Payments in Respect of the Lusail Joint Venture

On May 31, 2012, the Bankruptcy Court granted the Debtors' request to fund an intercompany loan in the amount of $30.4 million required to fund an annual payment due from

Arcapita Bank to Qatar Islamic Bank Q.S.C. ("***QIB***") in connection with the Lusail Joint Venture (defined below) [Docket No. 196]. On August 17, 2012, the Bankruptcy Court entered an order authorizing AIHL to fund an intercompany loan of up to $10 million to the Lusail Joint Venture in order to satisfy a semi-annual lease payment due to QIB under the lease entered into in connection with the Lusail Joint Venture [Docket No. 423]. The Lusail Joint Venture is discussed in more detail below at Section VI.B.4.[21]

2. Orders Related to the EuroLog IPO and Related Transaction Expenses

Certain of the Debtors' subsidiaries own and operate a variety of warehousing assets located throughout Europe. These assets consist of (i) 46 warehouse properties with a gross leasable area of approximately 15 million square feet that are located in seven countries across Europe; (ii) six undeveloped real estate parcels located in four countries that are suitable for development of approximately 6.6 million square feet of additional leasable area; and (iii) a group of real estate asset management companies (the "***Eurolog Management Companies***") with approximately 70 employees in eight offices (collectively, the "***EuroLog Assets***"). The EuroLog Assets are encumbered with substantial indebtedness with looming maturity dates.

After consulting with the Committee and the JPLs as to the best way to maximize the value of the EuroLog Assets, the Debtors, the Committee and the JPLs agreed to support a transaction that would have combined the EuroLog Assets into a single holding company, thereby capitalizing on the increased value of a larger and more diversified portfolio of assets. Then, the shares of that company would have been offered for sale in an initial public offering traded on the main market of the London Stock Exchange (the "***EuroLog IPO***").

On September 10, 2012, the Bankruptcy Court entered an order authorizing the Debtors to execute documentation and perform such other and further actions necessary or appropriate to effectuate and complete the EuroLog IPO subject to certain approvals by the Committee, SCB and the JPLs or upon further order of the Bankruptcy Court [Docket No. 465].

At the time of the Bankruptcy Court approval of the EuroLog IPO, the Debtors believed they would be able to obtain favorable pricing of the stock to be offered in the public market. However, the Debtors ultimately did not proceed with the EuroLog IPO. The Debtors continue to own and manage the EuroLog Assets.

Certain of the Debtors' non-debtor affiliates, including Pointpark Properties S.r.o., the primary Eurolog Management Company, and Arcapita Limited, a UK entity, incurred costs related to the potential sale of the EuroLog Assets. Those costs are owed to the underwriters and to a variety of professionals who worked on the proposed transaction, including Linklaters LLP ("***Linklaters***"), KPMG LLP (UK), and Freshfields Bruckhaus Deringer LLP ("***Freshfields***"). On August 8, 2012, the Debtors filed a motion (the "***Linklaters Motion***") requesting authorization to fund the payment of a portion of the accrued fees and expenses for services provided by Linklaters in connection with the EuroLog IPO (the "***IPO Legal Fees***") [Docket No. 377]. Based upon an agreement reached with the Committee, including agreed discounts by Linklaters, the Committee withdrew its objection to the Linklaters Motion and on September 28, 2012, the

[21] A further $30.4 million payment to QIB is due on June 1, 2013.

Bankruptcy Court entered an order authorizing the Debtors to fund an interim payment of $1.5 million to Linklaters and establishing the conditions and timing of subsequent payments to Linklaters in connection with Linklaters' remaining unpaid IPO Legal Fees, including the rights of the Committee to object to a certain portion of Linklaters' IPO Legal Fees in the event the Eurolog IPO could not be consummated [Docket No. 445]. Pursuant to the order authorizing the IPO Legal Fees, the Debtors have paid Linklaters approximately an additional $3.3 million.

The Eurolog Management Companies and Arcapita Limited have received invoices for unpaid professional and other costs from 17 firms or companies related to the withdrawn EuroLog IPO that total approximately $11.8 million. While these non-debtor affiliates have some assets, including amounts due under management contracts and funds restricted by agreements with lenders, they do not have sufficient Cash to pay all of the outstanding invoices without additional funding from the Debtors. As part of the cash management process, the Debtors, the JPLs and the Committee reached an agreement for the Debtors to provide the funding needed to pay in full 14 of the professionals whose discounted fees totaled approximately $1.6 million. However, the Debtors and the Committee have been unable to reach an agreement regarding funding for the remaining sum of approximately $6.5 million in discounted fees owed to Linklaters, KPMG LLP (UK) and Freshfields. The Debtors have filed a motion seeking authority to advance sufficient funds for the payment of these fees [Docket No. 872] as an Allowed Administrative Claim payable upon the Effective Date. The Debtors' projections include the payment of these costs.

3. SCB Adequate Protection and Cash Collateral Order

As described more fully below, the Debtors entered into the SCB Settlement (as defined below) which resolved SCB's objection to the EuroLog IPO and provided SCB with certain protections, including a replacement lien and administrative expense claim for any LT Holdings proceeds that are distributed to AIHL. *See* Section VI.B.3. below.

4. Motion for Authorization to Grant Approvals and Consents in Connection with Sale of Interests in the Sunrise Joint Venture

On the Petition Date, the Debtors held, directly or indirectly, a 30.4% beneficial interest in Assisted Living First Euro Investments Ltd. ("***Assisted Living Investments***"). In turn, Assisted Living Investments held an approximately 80% interest in (i) Sunrise First Euro Properties, LP and (ii) Sunrise First Euro Properties GP Limited (collectively, the "***Sunrise Joint Venture***"). The Sunrise Joint Venture owns and operates five assisted living facilities in the United Kingdom.

On December 18, 2012, the Bankruptcy Court entered an order authorizing the Debtors to cause their affiliates to take all necessary actions to consummate the sale of the Debtors' entire interest in the Sunrise Joint Venture to purchaser HCN UK Investments Limited (or its assignee or designee) ("***HCN UK***") pursuant to a purchase and sale agreement between Assisted Living Investments and HCN UK (the "***Sunrise Sale***") for £65,000,000 (the "***Sunrise Purchase Price***") payable in full, in cash, at closing [Docket No. 726]. The Sunrise Sale closed on December 19, 2012. As a result of their indirect ownership interest in Assisted Living Investments, the Debtors received 34.63% of the net proceeds of the Sunrise Sale, or

approximately $35.98 million. Of these proceeds, approximately $14.22 million was received by the Debtors on account of LT Holdings' equity interest in Assisted Living Investments, and $16.83 million was received by the Debtors in repayment of AIHL's working capital loan related to Assisted Living Investments, and $4.93 million was received by the Debtors on account of performance fees, repayment of interest free loans and management fees due to Arcapita Bank. The funds due to Arcapita Bank were deposited in Arcapita Bank's JPM Chase bank account; the funds due on account of the working capital loan and LT Holdings' equity interest in Assisted Living Investments were deposited in AIHL's JPM Chase bank account. The $14.22 million attributable to LT Holdings' equity interest in Assisted Living Investments gave rise to an administrative expense claim in favor of SCB under the SCB cash collateral order.

F. POSTPETITION FINANCING

The Debtors commenced the Chapter 11 Cases with approximately $120.1 million in available Cash (excluding approximately $35 million held in Placement Banks). During the Chapter 11 Cases, the Debtors expended a significant portion of this Cash to fund Deal Fundings necessary to preserve the value of the Debtors' assets and investments in portfolio companies, and to pay operating expenses, professional fees and other expenses related to the conduct of the Debtors' business and the Chapter 11 Cases. After careful evaluation of the options available to improve the Debtors' cash position, the Debtors and their investment banker and financial advisor, Rothschild, determined to seek $150 million of Shari'ah compliant debtor in possession financing (the "***Proposed DIP Transaction***"). The Debtors and Rothschild identified and contacted more than 29 possible counterparties for the Proposed DIP Transaction, seven of whom submitted non-binding indications of interest.

After an exhaustive competitive process, and after several court hearings, the Debtors selected Fortress Credit Corp. ("***Fortress***") to provide the debtor in possession financing.

1. Order Approving DIP Financing

On December 4, 2012, the Debtors filed their Motion for the Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 362, 363(b)(1), 363(m), 364(c)(1), 364(c)(2), 364(c)(3), and 364(e) and Bankruptcy Rules 4001 and 6004 (I) Authorizing Debtors (A) to Enter into and Perform Under DIP Agreement, and (B) to Obtain Credit on a Secured Superpriority Basis, (II) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) and (III) Granting Related Relief (the "***DIP Motion***") [Docket No. 690], seeking Court authority to enter into a non-priming secured, superpriority, postpetition Shari'ah compliant Murabaha financing transaction (the "***DIP Facility***") with Fortress with a transaction value of up to $150 million pursuant to the terms of a Master Murabaha Agreement (the "***DIP Agreement***"). The DIP Facility is comprised of an initial $125 million multi-draw term facility (the "***Initial Amount***") which – subject to confirmatory due diligence by Fortress – may be increased by $25 million; provided that, 120 days after closing, the $125 million Initial Amount shall be reduced to $100 million.

Pursuant to the DIP Motion, the Debtors requested authority (i) to obtain interim financing of $25 million (the "***Interim Amount***"), subject to entry of an interim order (the

"***Interim Order***"), and (ii) to obtain additional financing of $125 million subject to entry of a final order (the "***Final Order***").

On December 7, 2012, the Bankruptcy Court approved the Debtor's entry into the DIP Agreement on an interim basis, authorized the Debtors to obtain the Interim Amount and set a final hearing on the DIP Motion for December 18, 2012. Subsequently, on December 18, 2012, the Debtors received final approval from the Bankruptcy Court to borrow up to $150 million (including the Initial Amount) in connection with the DIP Facility. As of January 15, 2013, the entire $150 million DIP Facility commitment had been made available to the Debtors. On January 14, 2013 the Debtors prepaid approximately $35 million in accordance with the terms of the DIP Facility following receipt of the proceeds of the Sunrise Sale. The maturity date of the DIP Facility is the earlier of the Effective Date of the Plan or six months after the December 14, 2012 Closing Date, provided that such DIP Facility may be extended for a period of up to an additional six months with Fortress's approval and subject to the satisfaction of certain specified conditions.

G. PLAN AND CLAIMS RELATED MOTIONS

1. Order Setting a Claims Bar Date

By order (the "***Bar Date Order***") dated July 11, 2012, the Bankruptcy Court established August 30, 2012 (the "***Bar Date***") as the deadline for each person or entity to file a proof of claim against the Debtors in the Chapter 11 Cases, and September 17, 2012 (the "***Governmental Bar Date,***" together with the Bar Date, the "***Bar Dates***") as the deadline for certain governmental units to file a proof of claim against the Debtors in the Chapter 11 Cases [Docket No. 308]. The order also confirmed procedures for providing notice of the Bar Dates and filing the proofs of claim. Notice of the Bar Dates was given as required by the Bankruptcy Court's order.[22]

On June 8, 2012, the Debtors filed their respective Schedules of Assets and Liabilities listing certain obligations to their creditors (the "***Scheduled Claims***"). Prior to and after the Bar Dates, 556 proofs of claims were filed against the Debtors (the "***Filed Claims***," and together with the Scheduled Claims, the "***Active Claims***"). The Active Claims represent 3,096 claims with a face amount in excess of $8,209,818,093 (not including unliquidated amounts). Based on the Debtors' preliminary review of the Filed Claims, the Debtors estimate that a large number of such claims are duplicative of Scheduled Claims, overstated, improperly assert priority or secured status and/or are otherwise invalid. The Debtors expect to object to many of the Filed Claims and, in furtherance thereof, on January 2, 2013 the Debtors filed a motion seeking authority to implement certain procedures related to filing claims objections on an omnibus basis [Docket No. 757], which motion was approved by the Bankruptcy Court on January 18, 2013 [Docket No. 785].

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22 Additionally, on August 30, 2012, the Bankruptcy Court entered a stipulated order between the Debtors and certain claimants extending the Bar Date for those particular claimants to September 17, 2012 [Docket No. 452].

On February 4, 2013, Arcapita Bank filed its Schedule Amendment. As described in the notice of Schedule Amendment, pursuant to the Bar Date Order, any holder of claims affected by the Schedule Amendment (the "***Subject Creditors***") whose claims were identified as "contingent," "unliquidated" or "disputed" on the Schedules of Assets and Liabilities (as amended) were permitted to file a proof of claim. In addition, if a Subject Creditor chose to dispute the amount, priority or nature of a claim set forth on the Schedules of Assets and Liabilities (as amended), the Subject Creditor was required to file a proof of claim. Such Subject Creditors affected by the Schedule Amendment were required to file proofs of claim in respect of their claims by March 6, 2013 at 5:00 p.m. (prevailing Eastern Time).

While the actual Allowed Claims cannot be determined at this point, the Debtors currently project that aggregate Allowed Claims (i) against Arcapita Bank will be approximately $2.757 billion, which amount represents projected claims following application of the Plan Settlements and Plan treatment for certain other Claims as specified herein, (ii) against AIHL will be approximately $1.22 billion, (iii) against LT Holdings will be approximately $96.7 million, (iv) against WTHL will be approximately $96.7 million, (v) against AEID II Holdings will be approximately $96.7 million, (vi) against Railinvest will be approximately $96.7 million, and (vii) against Falcon will be in an amount to be determined pending the outcome of the litigations related to the claims of Tide, the Hopper Parties and the Thronson Parties (each as defined below), among others. Further information regarding Claims against the Debtors is set forth in Section III.C.

2. Orders Extending the Period in Which the Debtors Have the Exclusive Right to File and Solicit Acceptances of a Plan of Reorganization

Section 1121 of the Bankruptcy Code provides for an initial period of 120 days after the commencement of a chapter 11 case during which a debtor has the exclusive right to file a chapter 11 plan (the "***Exclusive Filing Period***"), and a period of 180 days from the commencement of a chapter 11 case during which a debtor has the exclusive right to obtain acceptances of its plan (the "***Exclusive Solicitation Period***" and together with the Exclusive Filing Period, the "***Exclusive Periods***"). With respect to the Debtors, the Exclusive Filing Period was initially set to expire on July 17, 2012, and the Exclusive Solicitation Period was initially set to expire on September 17, 2012.

The complex international organizational structure of the Arcapita Group and the emergency filing of the Debtors' Chapter 11 Cases made the creation, filing and solicitation of the Plan and Disclosure Statement a considerable undertaking. The Chapter 11 Cases were filed with only a few days' notice in reaction to an unexpected threat by certain minority investors to take precipitous actions. Thus, the Debtors had to undertake much of the work normally completed prior to the filing after the Petition Date, alongside actions to stabilize and maintain the Debtors' business and assets. In addition, due to the significant size and complexity of the Debtors' business operations, the magnitude of their creditor body, and the large number of non-debtor affiliates, the production of (a) the schedules and statements of financial affairs required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007 and (b) the reports of financial information of non-Debtor entities in which the Debtors hold a controlling or substantial interest required by Bankruptcy Rule 2015.3 was an immense and time consuming task. While these schedules and statements were ultimately filed on June 8, 2012, given the

large volume of information to be gathered across various jurisdictions and entities and the relatively small size of the Debtors' management teams, the initial Exclusive Periods did not afford sufficient time to formulate a plan of reorganization.

On June 12, 2012, the Debtors filed a motion to extend the Exclusive Periods, pursuant to section 1121(d) of the Bankruptcy Code [Docket No. 237] and on July 11, 2012, the Bankruptcy Court approved the motion and extended the Exclusive Filing Period to October 15, 2012 and the Exclusive Solicitation Period to December 14, 2012 [Docket No. 309].

On September 25, 2012, the Debtors filed a second motion to extend each of the Exclusive Periods by an additional 60 days, but agreed not to seek a further extension of the Exclusive Filing Period [Docket No. 509]. The Committee agreed to support the Debtors' second motion to extend the Exclusive Periods, on the condition that unless the Debtors had obtained new equity commitments of at least $250 million by November 1, 2012, the Debtors would not pursue a plan of reorganization based on the Going Concern Business Plan (as defined below) and instead would negotiate a plan with the Committee and other parties that provided for an orderly wind-down of the Debtors' businesses and assets based on the Business Plan. The Ad Hoc Group opposed the second motion for a further extension of the Exclusive Periods and objected to the Debtors' second motion.

On October 12, 2012, the Bankruptcy Court overruled the objection of the Ad Hoc Group, found cause to grant the extension of the Exclusive Periods, approved the second motion and extended the Exclusive Filing Period with prejudice through December 15, 2012 and the Exclusive Solicitation Period without prejudice to February 12, 2013 [Docket No. 568].

Based on agreements with the Committee, the Bankruptcy Court has granted several short additional extensions of the Exclusive Periods. [Docket Nos. 725, 743, 768, 786 and 818] (the "***Exclusivity Extension Orders***"). The Debtors timely filed the Plan within the Exclusive Filing Period, and the Exclusive Solicitation Period expires on the date of the Confirmation Hearing (unless further extended as provided in the Order approving the extension of the Exclusive Solicitation Period [Docket No. 1044]).

H. FALCON GAS STORAGE COMPANY, INC.

As part of the ordinary course of the business of the Arcapita Group, in July 2005, Arcapita Group affiliate GAStorage Investments LLC acquired 80% of the stock of Falcon from John Hopper and other related parties (the "***Hopper Parties***") who retained the remaining 20%. Through Arcapita Group affiliates that owned portions of GAStorage Investments LLC's parent, the Arcapita Group then syndicated a portion of its indirect interest in Falcon to third-party investors as described above. As of early 2010, Falcon's primary asset was 100% of the membership interests of NorTex, a company that owns and operates two large underground natural gas storage facilities and associated equipment near Fort Worth, Texas.

1. Falcon's Sale of NorTex Gas Storage Company, LLC and Related Prepetition Litigation

On March 15, 2010, Falcon entered into a purchase agreement (the ***"NorTex Purchase Agreement"***) to sell 100% of its LLC membership interests in NorTex (the "***NorTex***

Sale") to Tide Natural Gas Storage I, LP and Tide Natural Gas Storage II, LP (together, "***Tide***") for $515 million. Prior to closing the NorTex Sale, the Hopper Parties filed actions in state court in Texas against Tide, Falcon, certain of its directors and NorTex, seeking damages and to enjoin the NorTex Sale to Tide (collectively, the "***Hopper Litigation***") alleging that Falcon's board of directors had breached their fiduciary duties by agreeing to a sales price for the NorTex membership interests purportedly below fair value.

The Texas courts refused to enjoin the NorTex Sale; however, as a result of the pending Hopper Litigation and as a condition to closing imposed by Tide, Falcon agreed to amend the NorTex Purchase Agreement to (1) indemnify Tide for any liability Tide might suffer as a result of the Hopper Litigation, and (2) place approximately $70 million of the total sales proceeds from the NorTex Sale in escrow (the "***Escrowed Money***") with HSBC Bank USA, National Association ("***HSBC***") to be available to satisfy those specific indemnification obligations.

After the NorTex Sale closed, on July 27, 2010, Falcon and the Hopper Parties settled the Hopper Litigation in exchange for (1) an immediate cash payment of $6.5 million, and (2) the agreement that, when the Escrowed Money was released to Falcon, the Hopper Parties would be paid an additional $8.25 million. Because the settlement of the Hopper Litigation fully resolved the contingent indemnification obligations of Falcon to Tide, the dismissal of the Hopper Litigation resulted in the occurrence of an "***Escrow Breakage Trigger***" under the terms of the NorTex Purchase Agreement and the related escrow agreement.

Despite the occurrence of an Escrow Breakage Trigger, Tide refused to provide release instructions to HSBC and filed an action in the Southern District of New York (the "***District Court***") against Falcon, Arcapita Bank, non-debtor Arcapita Inc. and HSBC, alleging claims for "fraud in the inducement" and intentional misrepresentation in connection with the purchase and sale of securities, among other things. *Tide Natural Gas Storage I, L.P. v. Falcon Gas Storage Co., Inc.*, Case No. 10-cv-05821-KMW (S.D.N.Y.) (the "***District Court Action***"). In the District Court Action, Tide alleged that Falcon had misrepresented the extent and value of the assets held by NorTex and, therefore, Tide had overpaid for the NorTex LLC membership interests. Falcon denies Tide's allegations.

On April 30, 2012, Falcon filed its chapter 11 petition and the District Court Action was stayed as to Arcapita Bank and Falcon by their bankruptcy filings. On June 25, 2012, Tide filed a Motion for an Order Lifting the Automatic Stay Pursuant to 11 U.S.C. Section 362(d) to Allow Continuance of District Court Action [Docket No. 279] (the "***Lift Stay Motion***").

On February 28, 2013, the Bankruptcy Court granted the Lift Stay Motion for the limited purpose of allowing the District Court to determine (i) the relevant rights of Tide, Falcon, and the Hopper Parties, to the Escrowed Money, and (ii) the merits of Tide's claims in the District Court Action. *See* Docket No. 873. The Debtors estimate that it may take two to three years to resolve the Tide Claims in the District Court Action and that the cost of defending the District Court Action will exceed $5 million. Pursuant to the Plan, defense of the District Court Action will be funded from the assets of Falcon's Estate (as described further below). Falcon

will take steps to ensure that it remains administratively solvent while defending the District Court Action.

Both Tide entities have filed proofs of claim against Arcapita Bank and Falcon asserting a secured claim of $70 million and an unsecured claim of $50 million as to both Arcapita Bank and Falcon. The Debtors' object to the Tide Claims generally and specifically object to the assertion of a Secured Claim against either Arcapita Bank or Falcon. If Allowed, the Tide Claims shall be treated in Classes 10(a) and 10(g), as discussed below. Any Claim Allowed in favor of the Hopper Parties shall be treated in Class 5(g).

2. The Thronson Litigation Alleging Claims Under Falcon's 2005 Equity Incentive Plan

On April 26, 2011, plaintiffs Lowell Thronson, Henry Adair, Guy Busk, Galen W. Cantrell, Michelle G. Colombo, Glen M. Coman, Vhonda Cook, Randall L. Crumpley, Stephen Dorcheus, Judy B. Farley, Joe V. Fields, Gregory D. Fletcher, Kenneth Gillespie, Darrell R. Green, Terra Leigh Griffin, Michael L. Gryder, Jack L. Hopkins, John Holcomb, Andy Johnson, Ed McIntosh, Bryan K. Mercer, Carla Nims, David Robinson, Chad Rogers, Mark Rowland, James Scott, Danny J. Sharp, Derrick M. Shaw, Randall J. Small, Joel P. Stephen, Ray Don Turner, Johnny B. Ulrich, James Bradley Underwood, Hank R. Watson, Royce Williams, and Troyce Willis (the "***Thronson Parties***") filed a complaint against Falcon in Texas state court for breach of contract and breach of fiduciary duty by Falcon in connection with Falcon's 2005 Equity Incentive Plan and non-qualified stock option plan. *Lowell C. Thronson, et al. v. Falcon Gas Storage, Inc.*, Cause No. 2011- ED101J016284241. The Thronson Parties allege that Falcon prevented them as "option holders from exercising their options prior to the sale to [Tide], and allegedly fail[ed] to pay the Thronson Parties the difference between the strike price based on a fair valuation of the Falcon shares and the option price." The Thronson Parties have filed proofs of claims totaling approximately $1.7 million (the "***Thronson Claims***"). If Allowed, the Thronson Claims shall be treated in Class 8(g).

3. Falcon's Assets and Summary of Claims

Claims filed against Falcon include an $8,438.67 Priority Tax Claim, the $8.25 million claim of the Hopper Parties, $808,000 in other General Unsecured Claims, $1.7 million in Thronson Claims, the $120 million claim of Tide, an approximately $40,000 Secured Claim of HSBC, and approximately $27 million in other Claims that appear to be duplicative of Claims asserted against other Debtors or otherwise invalid. Falcon will object to and seek disallowance of any claims that are not valid Claims against the Falcon Estate. Falcon has also incurred administrative expenses for the administration of its bankruptcy case and the defense of the litigation matters described below.

Falcon's assets include the $70 million in Escrowed Money held by HSBC, cash proceeds of the Enterprise Jet Center settlement (described below), a postpetition receivable from Arcapita Bank in the amount of approximately $3.8 million for a tax refund that was attributable to Falcon but deposited with Arcapita Bank, an anticipated tax refund for tax year 2012 in the amount of approximately $413,000, and receivables due from other non-Debtor affiliates that total approximately $1.9 million. Falcon also has a prepetition claim against

Arcapita Bank in the amount of approximately $15.2 million on account of funds held at Arcapita Bank as of the Petition Date that will be treated in Class 5(a) of the Arcapita Bank Subplan.

4. The Hopper Adversary Proceeding

On May 21, 2012, the Hopper Parties filed adversary proceeding number 12-01662 (SHL) (the "***Hopper Adversary Proceeding***") in Falcon's Chapter 11 Case solely against Falcon and requested a declaration that prepetition the Hopper Parties acquired all right, title and interest to $8.25 million of the Escrowed Money and, therefore, the $8.25 million is not property of the Falcon Estate. Although they assert claims to the same Escrowed Money, neither Tide nor HSBC were named in the Hopper Adversary Proceeding. Falcon has answered, has denied the allegations in the Hopper Adversary Proceeding, and has asserted an affirmative defense based on the Hopper Parties' failure to join indispensable parties.

Although the Hopper Parties asserted in the Hopper Adversary Proceeding that the obligations of Falcon in the settlement of the Hopper Litigation had been satisfied by Falcon's alleged prepetition transfer of $8.25 million of the Escrowed Money to the Hopper Parties and that such funds are not property of the Falcon Estate, the Hopper Parties filed duplicative proofs of claim against Falcon in the amount of $8.25 million. The Hopper Parties will now be joined in the District Court Action and will assert their rights to the Escrowed Money there. Accordingly, the Debtors are informed that the Hopper Parties intend to dismiss the Hopper Adversary Proceeding without prejudice.

5. Subordination Issues

Because the Tide Claims are based on "damages arising from the purchase or sale of a security of … an affiliate of the debtor" and because the security purchased by Tide was 100% of Falcon's LLC membership interests in NorTex, pursuant to section 510(b) of the Bankruptcy Code, the Plan provides that the Tide Claims, if Allowed, shall be subordinated to all other equity interests in Falcon or Arcapita Bank, as applicable, that are senior or equal to the interest represented by the LLC membership interests in NorTex. *See USA Capital Realty Advisors, LLC, et al. v. USA Capital Diversified Trust Deed Fund, LLC et al. (In re USA Commercial Mortgage Company)*, 377 B.R. 608 (9th Cir. BAP 2007).

Thus, to the extent that the Tide Claims are Allowed in whole or in part, then the Tide Claims shall be treated as provided in Classes 10(a) and 10(g). In considering the Confirmation of the Plan, the Bankruptcy Court, however, may determine that the Plan may not be confirmed if the Tide Claims are subordinated and treated as provided in Classes 10(a) and 10(g). In that event, the Tide Claims will be classified in either Classes 5(a) and 5(g) or Classes 8(a) and 8(g). Reclassification of the Tide Claims will impact the recovery of Creditors in the Classes to which the Tide Claims are reclassified, as well as the Classes junior in priority to those Classes.

The Thronson Claims are based on alleged damages arising from the purported breach of an agreement relating to the purchase and sale of the common stock of Falcon. Pursuant to the provisions of section 510(b) of the Bankruptcy Code, the Plan provides that, if

Allowed, any right of distribution with respect to the Thronson Claims is subordinated to all claims or interests senior to the interests represented by the common stock of Falcon. Accordingly, the Thronson Claims have been classified in the Plan as Subordinated Claims in Class 8(g). The contracts on which the alleged Thronson Claims are based are Executory Contracts that will be treated in accordance with Article VI of the Plan.

The Plan expressly reserves the right of the Debtors and the Reorganized Debtors (or any other Person authorized to prosecute the rights of the Debtors' Estates) to file an adversary proceeding or other appropriate proceeding, before or after the Effective Date, to subordinate any Claim subject to subordination, to the extent not subordinated under the Plan. Tide has informed the Debtors that it asserts that the Claims filed by the Hopper Parties are subject to subordination pursuant to section 510(b) of the Bankruptcy Code and has said that it will file an adversary proceeding to subordinate the Claims of the Hopper Parties in the event that Falcon does not. Falcon disagrees and will not file an adversary action to subordinate the Claims of the Hopper Parties.

6. Adversary Proceeding Against Enterprise Jet Center, Inc. and Settlement

On June 8, 2012, Falcon commenced an adversary proceeding against Enterprise Jet Center, Inc. ("***Enterprise***") [Case No. 12-01708 (SHL), Docket No. 1] due to damages to an aircraft owned by Falcon that occurred while the aircraft was in the possession of the agents or employees of Enterprise. Falcon and Enterprise subsequently reached a settlement of the claims asserted in the adversary proceeding in exchange for a payment by or on behalf of Enterprise of $550,000 to Falcon. On August 6, 2012, the Bankruptcy Court entered an order approving the settlement [Case No. 12-01708 (SHL), Docket No. 10] and on August 24, 2012, the adversary proceeding was dismissed [Case No. 12-01708 (SHL), Docket No. 13]. Falcon has maintained the settlement proceeds in a segregated account and the settlement proceeds have been and will be expended only in compliance with the orders of the Bankruptcy Court.

7. The Amount of Any Distribution is Dependent on the Outcome of Pending and Future Litigation

The property of the Falcon Estate available for distribution on account of Allowed Claims consists primarily of Falcon's interest in the Escrowed Money. Any distribution on account of Allowed Claims against Falcon will depend on (i) the amount of the Allowed Tide Claims, if any, (ii) the finding of the District Court as to whether the Escrowed Money is property of the Falcon Estate or the property of Tide, (iii) the ruling of the Bankruptcy Court as to the level to which the Allowed Tide Claims, if any, must be subordinated, and (iv) the outcome of any Avoidance Actions brought by Reorganized Falcon.[23] Depending on the outcome of the above matters, Creditors with Allowed Claims against Falcon may receive no distribution under the Plan.

[23] The Debtors are in the process of evaluating potential Avoidance Actions but do not believe that Falcon possesses any valuable Avoidance Actions. Tide asserts that there may be valuable Avoidance Actions that could be brought against Arcapita Bank and/or the Hopper Parties. The Debtors disagree.

I. MANAGEMENT OF THE DEBTORS' ASSETS DURING THE CHAPTER 11 CASES

Since the Petition Date, the Debtors have continued to manage their assets in the ordinary course of business and have sought to preserve and maximize the value of these assets for the benefit of their creditors through (i) active board-level management and continued oversight at each portfolio company through Arcapita Group deal teams, and (ii) the provision of follow-on funding (the "***Deal Fundings***") when and as necessary to preserve asset values. Deal Fundings, as well as operating and other expenses paid during the Chapter 11 Cases, have been reflected in monthly budgets that have been prepared in consultation with the Committee and the JPLs and approved by the Bankruptcy Court.

Since the Petition Date and as of March 30, 2013, the Arcapita Group has provided approximately:

- $6.49 million in Deal Funding into the private equity and venture capital portfolio;
- $67.62 million in Deal Funding into the real estate portfolio; and
- $11.65 million in Deal Funding into the infrastructure portfolio.

The Deal Fundings occurred pursuant to procedures agreed with the Committee and the JPLs. Except for the funding required with respect to the Lusail Joint Venture, the Deal Fundings took the form of loans from AIHL to its wholly owned WCFs which, in turn, loaned the required Deal Funding to the relevant portfolio entity (as described further below).

Prior to the DIP Facility, Deal Fundings made by AIHL were funded primarily from Cash received by AIHL from the postpetition sale of equity investments or repayment of Murabaha financings made by the WCFs. A small number of such Deal Fundings required Arcapita Bank first to loan funds to AIHL which subsequently used those funds to make the required Deal Fundings. Whenever Arcapita Bank lent funds to AIHL for such Deal Fundings, it received an administrative expense claim against AIHL for such loan.[24] After the DIP Facility, Deal Fundings made by AIHL have been funded by AIHL either from proceeds of the DIP Facility or Cash received by AIHL from the postpetition sale of equity investments or repayment of Murabaha financings made by the WCFs.

From the Petition Date through March 30, 2013, the Arcapita Group received approximately $78.55 million from indirect ownership, exit and management of certain investments.[25] These receipts fall into the following categories:

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[24] These administrative expenses against AIHL have been settled as part of the overall settlement embodied in the Plan and the distribution scheme set forth therein.

[25] In addition, approximately $3.06 million was received by the Arcapita Group from various other sources, including tax refunds, lease receipts, brokerage fees and a variety of other sources not directly related to the investments.

- Approximately $3.97 million from its private equity and venture capital investments;
- Approximately $35.98 million from the Sunrise Sale;
- Approximately $64.38 million from its real estate investments, including the above mentioned Sunrise Sale; and
- Approximately $10.20 million from its infrastructure investments.

VI. MAJOR ISSUES RESOLVED THROUGH THE PLAN

A. VALUATION AND BUSINESS PLAN NEGOTIATIONS

1. The Valuations

The Debtors recognized from the very early days of the Chapter 11 Cases that a successful exit from chapter 11 would require an in-depth understanding by the Debtors, their creditors, and the JPLs of the value of the Debtors' assets. Thus, in April 2012, the Debtors retained KPMG LLP (UK) ("***KPMG***") to conduct an enterprise valuation of certain of the portfolio companies in which the Debtors held an interest (the "***KPMG Valued Companies***"). The Debtors separately performed an enterprise valuation of the remaining portfolio companies in which they held an interest that were not valued by KPMG (the "***Arcapita Valued Companies***," and together with the KPMG Valued Companies, the "***Valued Companies***").[26] KPMG prepared valuation reports for the KPMG Valued Companies and set forth valuations based on "current" values and "exit" values (the "***KPMG Reports***") as of April 30, 2012 (the "***Valuation Date***").[27] Similarly, the Debtors, together with their professionals, prepared valuation reports for the Arcapita Valued Companies and set forth valuations based on "current" values and "exit" values (the "***Arcapita Reports***," and together with the KPMG Reports, the "***Valuation Reports***") as of the Valuation Date.

The current and exit values contained in the Valuation Reports reflected the total enterprise value of the Valued Companies and therefore needed to be adjusted to reflect the corresponding percentage of the total value held by each of the Arcapita entities. Accordingly, the Debtors and their advisors prepared "waterfall analyses" (the "***Waterfall Analyses***"), which

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[26] Subsequent to the Valuation Date (as defined below), the Debtors sold or otherwise transferred certain of their investments to third parties (such sales and transfers, the "***Subsequent Transfers***"). While the portfolio companies that comprise the Subsequent Transfers were valued by KPMG or the Debtors as of the Valuation Date, for ease of presentation the terms "KPMG Valued Companies," "Arcapita Valued Companies" and "Valued Companies" refer herein to only those portfolio companies in which the Debtors held interests on the Valuation Date that were not the subject of Subsequent Transfers.

[27] For this purpose, "current" value is defined as the value of the companies/investments as of April 30, 2012; "exit" value is defined as the expected future value of the companies/investments at the estimated time that such investments are sold.

detail the amount and allocation of proceeds distributable to the various Debtors upon the disposition of each of the investments based on the Valuation Reports. As of the Valuation Date, the aggregate current midpoint value of the Debtors' interests in all of the Valued Companies was approximately $903 million (the "***Current Values***"), and the aggregate exit midpoint value of the Debtors' interests in all of the Valued Companies was approximately $1,659 million (the "***Initial Exit Values***").[28] The Current Values and Initial Exit Values are net of the approximately $220 million Repurchase Price (defined below) related to the Lusail Land. Accordingly, prior to the deduction for the Repurchase Price, the aggregate current midpoint value of the Debtors' interests in all of the Valued Companies was approximately $1,123 million, and the aggregate exit midpoint value of the Debtors' interests in all of the Valued Companies was approximately $1,879 million.[29] As described below, the Current Values, together with the Waterfall Analyses, provided a starting point for the Plan Settlements embedded in the Plan.

In the approximately nine months since the Valuation Date, the market conditions for, and the financial condition of, certain of the Valued Companies have changed. These changes have led the Debtors and their financial advisors to reassess the Initial Exit Values set forth in the Valuation Reports. As a result of this reassessment, the Debtors and their financial advisors have concluded that the aggregate Initial Exit Values of the Valued Companies should be reduced by approximately $326 million to approximately $1,333 million (the "***Updated Exit Values***"). The Updated Exit Values are the basis for the feasibility projections included in the Plan;[30] they are also the basis for the projected recoveries set forth in the table at Section VI.B.1.[31]

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28 As described above, KPMG and the Debtors valued all of the portfolio companies in which the Debtors held interests on the Valuation Date, including the portfolio companies that comprised the Subsequent Transfers. The aggregate current midpoint value of the Debtors' interests in all of the Valued Companies, including the portfolio companies comprising the Subsequent Transfers, on the Valuation Date was determined to be approximately $923 million and the aggregate exit midpoint value was determined to be approximately $1,679 million (which amount was subsequently adjusted to $1,686 million). However, for ease of presentation, the Current Values and Initial Exit Values reflected herein are net of the Subsequent Transfers.

29 Inclusive of the portfolio companies comprising the Subsequent Transfers, the aggregate current midpoint value of the Debtors' interests was determined to be approximately $1,143 million, and the aggregate exit midpoint value of the Debtors' interests was determined to be approximately $1,899 million (which amount was subsequently adjusted to $1,906 million).

30 These values are expressly subject to the disclaimers and precautionary notes regarding financial projections and valuations set forth in this Disclosure Statement. It should also be noted that the actual value of the Valued Companies will depend on market conditions, holding strategies, the quality and competence of post-Effective Date management of the Reorganized Arcapita Group and the Valued Companies, and the underlying performance of the Valued Companies, among many other factors.

31 The Updated Exit Values (i) include value attributable to certain Valued Companies that are anticipated to be exited prior to the Effective Date, and (ii) do not include the value attributable to the IPP or IIP Investment Shares that were (or will be) returned to the Arcapita Group pursuant to the Employee Program and Global Settlement Order and the Senior Management Global Settlement. Accordingly, in calculating the projected recoveries set forth herein, the Debtors and their professionals adjusted the Updated Exit Values to deduct the value of the Valued Companies for which pre-emergence exits were anticipated and to add the value of the returned Investment Shares. Following such adjustments, the Updated Exit Values were calculated, as of the

For calculation purposes only, attached hereto as Exhibit M is a sensitivity analysis which demonstrates projected recoveries under more favorable portfolio disposition scenarios. Although these alternative scenarios project recoveries at aggregate values higher than the Updated Exit Values and such higher values may be achieved, the scenarios do not represent the Debtors' view that these more favorable outcomes are likely.

2. The Business Plan Discussions

Beginning in August 2012, the Debtors initiated negotiations with the Committee, the JPLs, and SCB regarding the Debtors' post-Effective Date business plan. Utilizing the Valuation Reports and the related Waterfall Analyses, the Debtors initially formulated two alternative business plans. The first business plan contemplated the Debtors' emergence from chapter 11 as a going concern that not only managed the disposition of its current portfolio of assets, but also engaged in new business opportunities (the "***Going Concern Business Plan***"). The second business plan contemplated the Debtors' emergence from chapter 11 with the goal of an orderly wind-down of its business operations (the "***Business Plan***").

While the Debtors favored the Going Concern Business Plan and believed, and continue to believe, that it would maximize the value of the Debtors' assets, the Debtors also recognized that the Going Concern Business Plan required a significant new capital infusion. Accordingly, the Debtors and their professionals engaged in a comprehensive effort to raise new money. Ultimately, the Debtors and the Committee agreed that, in order for the Debtors to continue to pursue the Going Concern Business Plan, the Debtors would be required to obtain binding commitments from accredited investors equal to or greater than $250,000,000 in the aggregate by November 1, 2012 (the "***Commitment Deadline***"). If the Debtors were unsuccessful in obtaining the required equity commitment by the Commitment Deadline, the Debtors agreed that they would abandon efforts at a chapter 11 plan based upon the Going Concern Business Plan and would instead focus on a chapter 11 plan based on the Business Plan. The Debtors were ultimately unsuccessful in obtaining the requisite commitments prior to the Commitment Deadline.

Since then, the Debtors have focused their efforts on development of a chapter 11 plan based on the Business Plan. It is this Business Plan that forms the basis for the Plan. A summary of the key assumptions and variables that underlie the Business Plan is attached hereto as Exhibit C, together with the Projections. Pursuant to the Business Plan, the Debtors will undergo an orderly wind-down of their business operations. The Business Plan does not contemplate that the Reorganized Arcapita Group will engage in new business opportunities, but it does contemplate that the Reorganized Arcapita Group, with the assistance of AIM, will manage and dispose of the Debtors' remaining portfolio investments in a time horizon reasonably tied to the investment cycle for such investments (and in a manner consistent with the terms of the Cooperation Settlement Term Sheet) and, to the extent appropriate, the Reorganized Debtors may, at their option, make follow-on Deal Fundings in such investments to preserve and maximize value.

Effective Date, to equal approximately $1,292 million, which amount forms the basis of the projected recoveries.

3. Management and Control of the Portfolio Company Investments and Cooperation with Third-Party Investors

The Debtors' prepetition business model consisted predominantly of the acquisition of certain portfolio company investments and the subsequent syndication of 70% to 80% of the investments to Third-Party Investors.[32] The co-investment strategy aligned the interests of the Debtors and the Third-Party Investors, and generated a significant amount of reliance by the Third-Party Investors on the Debtors and their management team. More detailed information regarding the prepetition investment structure is set forth above in Section III.C.

Prior to the Petition Date, the Debtors maintained effective control of the investments - even minority owned investments - through (i) placement of the Debtors' employees on the various boards of directors of the Syndication Companies, PVs, and PNVs, (ii) the Administration Agreements between the Syndication Companies, PV, and PNV, on the one hand, and AIML, on the other hand, and (iii) revocable Syndication Company Proxies from the Third-Party Investors.

The Debtors believe that their ability to control the management and disposition of minority-owned investments after the Effective Date could be limited or eliminated if the Third-Party Investors revoked the Syndication Company Proxies, and/or the Syndication Companies terminated the Administration Agreements. In addition, the boards of directors of the Syndication Companies, PVs and PNVs, and their subsidiaries, could be reconstituted in accordance with the applicable board succession provisions of each company's governing documents and, as reconstituted, could exclude representatives of the Reorganized Debtors. If this were to occur, the Reorganized Debtors would effectively become passive minority investors in a significant number of the investments, with decisions as to portfolio exits residing with the Syndication Companies, and their Third-Party Investor owners.

The Debtors believe that this would cause the Reorganized Arcapita Group to suffer significant minority discounts when or if it sought to dispose of the portfolio assets without the support of the Syndication Companies, PNVs or PVs. Similarly, it could also lead to the assertion that a change of control had been triggered under various financing and co-investment agreements. Each of these factors could substantially reduce the realizable value of the Debtors' portfolio assets and meaningfully reduce creditor recoveries. Recognition of these risks, and the desire to ameliorate them as much as possible, led to the negotiation of the Cooperation Settlement Term Sheet attached hereto as Exhibit L.

B. CONSIDERATIONS REGARDING THE CHAPTER 11 PLAN AND PLAN SETTLEMENTS

Separate from the business plan for the Reorganized Arcapita Group, the Debtors initiated discussions with representatives of the various key creditor constituencies to negotiate the terms of a chapter 11 plan that would fairly reflect, in the Distributions to be made under the Plan, the relative rights and priorities of each of these parties as to the available assets and in

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[32] As described further below, there are certain exceptions – most notably the Lusail Joint Venture – where the Debtors retained a majority stake in the portfolio company investments.

connection with numerous potential litigation disputes between and among the various Debtors. The Committee, the JPLs, SCB and the Ad Hoc Group actively participated in these discussions.

The Plan, and the distribution scheme set forth therein, reflects not only a compromise and settlement of an appropriate allocation among the Debtors of the asset values derived from the Waterfall Analyses, but also the compromise and settlement of a number of other potential disputes among the Debtors' estates and with certain third parties. Each of these Potential Plan Disputes has been investigated by the Debtors and analyzed with the Committee, the JPLs and their respective professionals.

The terms of the Plan are the product of detailed analyses by the Debtors and their professionals of the assets and liabilities of the various Debtors, the intercompany relationships among such Debtors, and the Potential Plan Disputes. They also result from extensive meetings and negotiations with interested parties, including the Committee, the JPLs and the Ad Hoc Group. Through the Plan and its incorporated Plan Settlements, the Debtors have endeavored to avoid costly and protracted litigation related to the various Potential Plan Disputes, including but not limited to disputes related to investment portfolio value and cost allocation, administrative expense allocation, treatment of SCB's Claims, the prepetition Lusail funding, substantive consolidation, characterization of intercompany balances, value of Arcapita Bank's control over portfolio company investments, characterization and treatment of the Arcapita Bank Bahrain headquarters lease and related claims, treatment of potential claims by and against certain Third-Party Investors in the Debtors' assets, potential avoidance action value, and Senior Management Claims.

Litigation of the Potential Plan Disputes would be costly, complex and time-consuming and would prolong the Debtors' Chapter 11 Cases. Through the Plan Settlements, the Plan incorporates a comprehensive settlement and compromise of these issues which, without the necessity to engage in litigation of the Potential Plan Disputes, will provide holders of Claims with recoveries that fall within a reasonable range of the risk adjusted litigation outcome of such disputes. The terms of the Plan Settlements should be considered together as a global resolution of all of the Potential Plan Disputes. Although litigation regarding the Potential Plan Disputes could produce different absolute or relative recoveries from those proposed by the Plan, such litigation would not be finally resolved for many years, delaying and materially eroding the value of the Reorganized Arcapita Group's business enterprise and distributions to the Debtors' creditors. Notwithstanding the discussions and legal analyses presented in connection with the Potential Plan Disputes and Plan Settlements described herein, the information and statements related thereto shall not constitute or be construed as an admission of any fact or liability, stipulation, or waiver by the Debtors, but rather such discussions and legal analyses are solely intended to identify the issues and potential risks associated with the various competing arguments that inform the Plan Settlements.

A court may approve a compromise and settlement under section 1123(b)(3)(A) of the Bankruptcy Code or Bankruptcy Rule 9019 if it determines that the proposed settlement is in the best interests of the estate. *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968). In the context of evaluating a settlement, the court may approve a settlement so long as the settlement does not "fall below the lowest point in the range of reasonableness." *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d

Cir. 1983). A court must "evaluate … all … factors relevant to a full and fair assessment of the wisdom of the proposed compromise," *TMT Trailer Ferry*, 390 U.S. at 424-25. In considering a settlement, a court need not conduct a "mini-trial" of the merits of the claims being settled, *W.T. Grant Co.*, 699 F.2d at 608, or conduct an extended full independent investigation. *In re Drexel Burnham Lambert Group, Inc*., 134 B.R. 493, 496 (Bankr. S.D.N.Y. 1991). Under the relevant facts and these applicable legal principles, the Debtors believe that the Plan Settlements, taken as a whole, represent a fair and reasonable compromise with respect to the Potential Plan Disputes.

1. Allocation of Portfolio Asset Value

There are four basic components to the tangible value of the assets held by the Debtors. The first component relates to equity interests in the operating portfolio companies. These equity interests are held as Short-Term Holdings, through AIHL, and as Long-Term Holdings, through LT Holdings. As to the proceeds of these Short-Term Holdings and Long-Term Holdings, the creditors of AIHL are structurally senior to the creditors of Arcapita Bank.

The second component of value relates to Murabaha financing owed to the Debtors by the intermediate holding companies ("***Intermediate Holdcos***") that are owned by the Transaction Holdcos (as previously defined) through which the Debtors hold their equity interests in the portfolio companies. This financing is owed to the WCFs, which are owned by AIHL and were formed solely to fund these working capital facilities for the benefit of the portfolio companies. As to the proceeds of WCF repayments, the creditors of AIHL are structurally senior to the creditors of Arcapita Bank.

The third component of value arises from the (a) management agreements (the "***Management Agreements***") between Arcapita Bank's management company affiliates (the "***Management Companies***") and the portfolio companies, and (b) the Administration Agreements between Arcapita Bank's subsidiary, AIML, and the Syndication Companies, PVs and PNVs. These agreements generate annual and deal exit related fees, some of which are paid currently and some of which are accrued and paid only on exit from particular investments. Unlike the value from portfolio equity interests and the WCF financing that must flow through AIHL for Arcapita Bank to receive any value from its equity interest in AIHL, the value attributable to the Management Agreements and the Administration Agreements does not flow through AIHL, but rather flows indirectly to Arcapita Bank, through the non-debtor Management Companies and AIML, which are sister companies of AIHL. Only the creditors of Arcapita Bank, not AIHL, have any claims to these proceeds.

The fourth component of value represents amounts due from Transaction Holdcos, Syndication Companies, PNVs and/or other intermediary holding companies of acquired portfolio companies (and in rare occasions, the portfolio companies themselves). Prior to the filing of the Chapter 11 Cases, Arcapita Bank frequently paid expenses of or incurred other obligations on behalf of these companies. For example, Arcapita Bank would receive an invoice from a professional for services performed for a Transaction Holdco, Syndication Company or PNV, and would pay that invoice. The expenses or other obligations that were paid by Arcapita Bank were, in turn, reflected as receivables due from the applicable company. These amounts are owed directly to Arcapita Bank and, as a general matter, would be paid upon an exit

with respect to the portfolio company. Only the creditors of Arcapita Bank, not AIHL, have any claims to these proceeds.

As described in Section VI.A.1. hereof, KPMG was engaged to prepare comprehensive enterprise valuations of the KPMG Valued Companies, and the Debtors, together with their professionals, prepared comprehensive valuations of the Arcapita Valued Companies. The resulting Valuation Reports valued the Debtors' portfolio companies on a current basis and on an exit basis. As described above, the Debtors and their financial advisors updated the Initial Exit Valuations to reflect, among other things, changes in market conditions for, and the financial condition of, the Valued Companies. Thereafter, the Debtors, with the assistance of their professional advisors, prepared the Waterfall Analyses for each portfolio company to determine how much value, at each such value level, would be payable with respect to AIHL's and LT Holdings' equity interests in these companies, to AIHL's Murabaha claims against these companies, to Arcapita Bank on account of fees payable to the Management Companies and AIML, and to Arcapita Bank on account of the amounts due from portfolio companies.

The following chart reflects the allocation of value among the various Debtors based on the Current Values, the Updated Exit Values and the Waterfall Analyses for each such valuation:

Debtor	Current Values	Updated Exit Values
Arcapita Bank (Amounts Due from Deal Companies)	$92.2 million	$111.5 million
Arcapita Bank (Management Fees Payable)	$92.4 million	$224.7 million
AIHL (Amounts Due from Murabaha Repayment)	$203.4 million	$443.5 million
AIHL (Amounts Due from Short-Term Holdings)	$173.1 million	$232.2 million
LT Holdings/AIHL (Amounts Due from Long-Term Holdings)	$342.1 million	$321.3 million
Total	$903.3 million	$1,333.1 million

As between Arcapita Bank (including value attributable to the Management Companies and AIML) and AIHL (including value attributable to LT Holdings), the overall allocation, according to the Current Values and Waterfall Analyses above, is 20.4% for Arcapita Bank and 79.6% for AIHL, and the overall allocation, according to the Updated Exit Values and the Waterfall Analyses above, is 25.2% for Arcapita Bank and 74.8% for AIHL.

The allocation of the Sukuk Obligations, New Arcapita Shares and New Arcapita Warrants among the creditors of and holders of Interests in Arcapita Bank and AIHL contemplated by the Plan reflects the Debtors' view of the proper allocation of value deriving from the future exits of the Debtors' portfolio investments, as reflected in the Waterfall Analyses above, adjusted to take into consideration each of the Plan Settlements described in Sections VI.B.2. through VI.B.11. below. Accordingly, the allocation of the Sukuk Obligations among the Arcapita Bank and AIHL Estates reflects that, at any level of portfolio company asset valuation, a portion of the realized value is properly attributable to Arcapita Bank in respect of its direct claims deriving from claims of Arcapita Bank against the portfolio companies and fees due to AIML and other wholly-owned Management Company affiliates of Arcapita Bank, while the remaining portion of the realized value is properly attributable to AIHL in respect of its structurally senior claims deriving from its Long-Term Holdings, Short-Term Holdings and its interests in the WCFs.

The allocation of the New Arcapita Class A Shares among the Arcapita Bank and AIHL Estates reflects that, as recoveries realized from portfolio company exits exceed the Current Values, such increased value inures primarily to AIHL in respect of its Long-Term Holdings, Short-Term Holdings and WCF interests, and provides minimal additional recovery to Arcapita Bank based upon its interests in the management fees (which fees are predominantly fixed and generally do not increase based upon exit recoveries).

The allocation of the New Arcapita Ordinary Shares primarily to Holders of General Unsecured Claims against Arcapita Bank reflects the fact that upon the repayment of the Sukuk Obligations and the redemption of the New Arcapita Class A Shares (or payment in full of the Liquidation Preference), excess value realized from the exit of portfolio investments should inure primarily to the Holders of General Unsecured Claims against Arcapita Bank on account both of Arcapita Bank's ownership of AIHL and of those claims and management fees owed to Arcapita Bank that were not fully compensated through the allocation to Arcapita Bank of Sukuk Obligations and New Arcapita Class A Shares.

Finally, the issuance of the New Arcapita Creditor Warrants to holders of Claims against the AIHL Estate and the New Arcapita Shareholder Warrants to Transferring Shareholders and holders of Subordinated Claims against Arcapita Bank (if any) reflects the view that after the payment of dividends or distributions in respect of the New Arcapita Ordinary Shares equal to the Dividend Threshold, any excess value realized from the exit of portfolio investments should inure primarily to holders of Subordinated Claims against and Interests in Arcapita Bank and, secondarily, to Holders of non-Subordinated Claims against AIHL and Arcapita Bank as compensation for the delay and risk associated with such Creditors' investment in the Debtors and their reorganization.

2. Allocation of Administrative Expense Claims

Prior to the filing of the Chapter 11 Cases, none of the Debtors maintained bank accounts other than Arcapita Bank. This was consistent with the Debtors' prepetition cash management system and general practice to operate their businesses as a single entity. While amounts due from and to affiliates was reflected in the Debtors' books and records, Arcapita Bank effectively acted as the bank for all of the Debtors, and all amounts received by the Debtors

were deposited in Arcapita Bank's bank accounts and all amounts paid by the Debtors were paid by Arcapita Bank. Subsequent to the Petition Date, a separate bank account has been opened by AIHL and the JPLs have also opened an AIHL bank account in the Cayman Islands.

Subsequent to the filing of the Chapter 11 Cases, the Debtors, with Bankruptcy Court approval, implemented essentially the same cash management practice – where Arcapita Bank served as the bank for all of the Debtors, with two significant exceptions: First, all postpetition equity proceeds and Murabaha financing proceeds from portfolio company exits were deposited in AIHL's bank account, and all additional Murabaha Deal Fundings through the WCFs were funded through AIHL. To the extent that AIHL did not have sufficient funds to make required Deal Fundings, these funds were loaned to AIHL by Arcapita Bank and reflected as an administrative claim of Arcapita Bank against AIHL. Second, with the recent approval of the DIP Facility, funds from the DIP Facility have been deposited in AIHL's bank account and, effectively, AIHL will serve as the "banker" for those funds, and any funds loaned by AIHL to Arcapita Bank will be reflected as an administrative claim of AIHL against Arcapita Bank.

Separate and apart from the flow of funds, however, is the question regarding how to allocate the administrative expenses of the Chapter 11 Cases to the respective Debtors. Just because Arcapita Bank paid an administrative expense does not mean that its estate should bear the full burden of that expense. Rather, the cost should be allocated equitably among the Debtors based on the benefit that each Debtor received with respect to each such expense.

In calculating such an equitable division, the Debtors and their professionals concluded that they had no ability to determine with precision how each particular cost should be allocated and, accordingly, they did not perform a detailed analysis of each invoice that was satisfied by payment from Arcapita Bank or AIHL. Rather, the Debtors grouped the costs incurred during the pendency of the Chapter 11 Cases into a limited number of broad categories, such as professional fees, Deal Fundings, general and administrative overhead expenses and staff costs.

Thus, for example, professional fees since the inception of the Chapter 11 Cases have been paid by Arcapita Bank, yet clearly not all of the value provided by the professionals has been for Arcapita Bank's benefit. Because a significant portion of the professionals' efforts have benefitted AIHL, the Plan Settlements allocate a significant portion of the professional fee expense to AIHL, and Arcapita Bank's payment of this expense on behalf of AIHL was reflected for purposes of arriving at the Plan Settlements as an administrative claim of Arcapita Bank against AIHL. A similar analysis applied to general and administrative overhead expenses. All of the employees of the Debtors are employed by Arcapita Bank; AIHL has no employees. Although Arcapita Bank paid the salaries and benefits of these employees, a significant portion of the work performed during the Chapter 11 Cases by these employees primarily benefitted AIHL.

In reaching the Plan Settlements, the Debtors developed a separate range of reasonable allocations for each category of administrative expenses and, on a macro level, allocated those expenses among the Debtors based upon a view as to the relative benefits enjoyed by each Debtor from the costs incurred. With respect to Falcon, only those

administrative expenses that are directly attributable to the Falcon case will be allocated to Falcon. To date, such administrative expenses have totaled approximately $1.53 million.

3. Settlement with SCB

In addition to guarantees from Arcapita Bank and AIHL, SCB has guarantees from, and a first priority pledge of the equity in, Debtors LT Holdings, Railinvest, WTHL and AEID II Holdings. In connection with the EuroLog IPO, the Debtors, the Committee, the JPLs and SCB engaged in extensive negotiations with respect to the secured claims of SCB and its request for adequate protection. On October 7, 2012, the parties reached agreement as to the terms of a compromise (the "***SCB Settlement***").

Pursuant to the SCB Settlement, SCB agreed (1) not to object to any debtor-in-possession financing, subject to certain conditions, and (2) to consent to the EuroLog IPO. In return, SCB received the following:

- an acknowledgment and agreement from the Debtors as to the validity, perfection and enforceability of SCB's claims under the SCB Facilities; the Committee expressly waived any challenge rights related thereto, and, although the JPLs had 30 days from the date of the order approving the settlement to file a complaint challenging such claims, no such challenge was filed by the JPLs within this time period;

- superpriority administrative expense claims against AIHL for any funds transferred to AIHL as a result of sales or other dispositions of SCB's collateral, namely net proceeds of sales or other dispositions of equity interests in portfolio companies owned by LT Holdings (the "***SCB Sale Claims***");

- the Debtors agreed to reimburse SCB for its reasonable fees and expenses relating to the Debtors, the Chapter 11 Cases, the SCB Facilities and the Cayman Proceeding; and

- the Debtors agreed to grant SCB an administrative claim (the "***SCB Adequate Protection Claim***") in the amount of $500,097 per month for the entire Postpetition Period, to be paid in one initial post-approval payment and monthly thereafter.

The Committee retained the right to challenge SCB's entitlement to a portion of the SCB Adequate Protection Claim. In addition, the Debtors, the Committee, the JPLs, and SCB reserved certain rights in relation to treatment under any chapter 11 plan or the use of what SCB argued was "trust property" in the Cayman Proceeding.

On October 19, 2012, the Bankruptcy Court entered an order approving the SCB Settlement [Docket No. 587].

Since entry of the order approving the SCB Settlement, the Debtors, SCB and the Committee engaged in discussions regarding SCB's treatment under the Plan. While these

discussions have not resulted in a fully consensual agreement, the Debtors have proposed the terms set forth in the SCB Term Sheet attached hereto as Exhibit G. To date, SCB has not consented to the treatment set forth in the SCB Term Sheet, and SCB has indicated that, absent modification, it will object to any chapter 11 plan which incorporates this treatment. The Debtors, the Committee and SCB are continuing to discuss the treatment of SCB and the SCB Term Sheet.

4. Lusail Land Acquisition, Prepetition Financing and Postpetition Payments

a. Lusail Land Acquisition and Ownership

On June 6, 2008, Al-Imtiaz Investment Co. K.S.C.(c) ("***Al-Imtiaz***") entered into a Land Purchase Agreement (the "***Land Purchase Agreement***") with state-controlled developer Qatari Diar Real Estate Investment Company ("***Qatari Diar***"). Pursuant to the Land Purchase Agreement, Al Imtiaz acquired an interest and development rights in a 3,659,080 square meter plot of land in Lusail City, Qatar known as Golf-REC/01 (the "***Lusail Land***"). The Lusail Land is located within the only master-planned development in Lusail City, which is located approximately 15 miles from Doha, the largest city in Qatar. The Lusail Land is currently undeveloped. Although plans may change based upon the selection in 2010 of Qatar as the site of the 2022 World Cup, the present plan is to develop the Lusail Land into a residential real estate golf community.

Qatari Diar retained the deed of title to the Lusail Land and agreed to the transfer of the deed of title by Al-Imtiaz to Qatari Diar upon: (a) Qatari Diar's approval of a detailed master plan for the Lusail Land and infrastructure schedule; and (b) payment in full of all future installment purchase payments due under the Land Purchase Agreement. In the event any installment payment is not timely paid, Qatari Diar may declare a default under the Land Purchase Agreement, permitting Qatari Diar to permanently refuse to transfer the Lusail Land deed.

i. In 2008, Arcapita Bank through QRE Acquired an Interest in the Lusail Land

In 2008 Arcapita Bank formed QRE and its sister company, QRE Acquisitions W.L.L., as two of a series of a special purpose investment vehicles formed in compliance with Gulf Cooperation Council ("***GCC***") regulations to acquire and hold an interest in the Lusail Land. Using a structure of various companies, including QRE, to comply with GCC regulations enabled Arcapita Bank to take advantage of beneficial tax treatment in Qatar available only to GCC compliant companies while at the same time allowing the use of traditional non-Shari'ah compliant financing. QRE was capitalized with an infusion of $273 million from Arcapita Bank from existing liquidity and without resort to debt financing.

On October 28, 2008, Al-Imtiaz sold 50% of its interest in the Lusail Land to QRE for $274 million;[33] half of which ($137 million) QRE paid in cash on closing and half of

[33] All amounts set forth herein are in United States Dollars even though payments due under the Land Purchase Agreement and certain other documents related to the Lusail Land are denominated in Qatari Riyals.

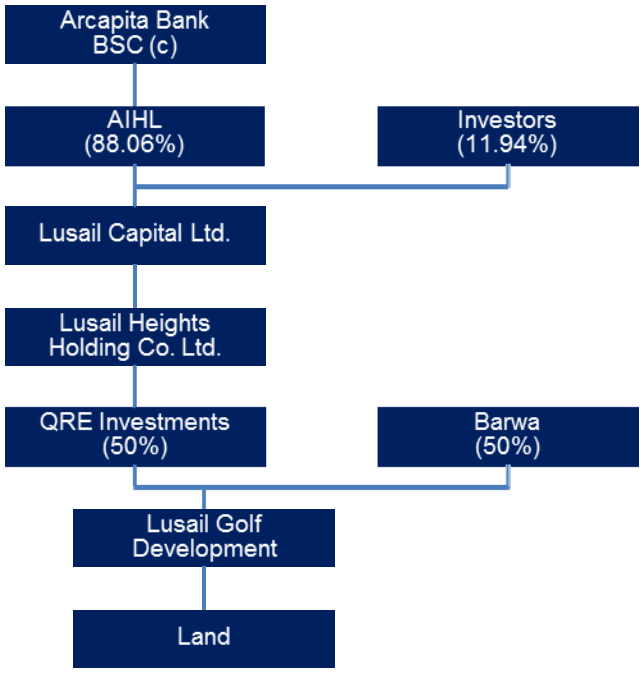
which QRE agreed to pay in future installments through QRE's assumption of half of Al-Imtiaz's installment obligations under the Land Purchase Agreement (the "***QRE Land Payments***"). Accordingly, QRE used approximately half of its start-up capitalization to purchase QRE's interest in the Lusail Land.

ii. QRE and Al-Imtiaz Formed the Lusail Joint Venture to Hold and Develop the Lusail Land

QRE and Al-Imtiaz formed a joint venture (the "***Lusail Joint Venture***") through Lusail Golf Development LLC, a Qatar limited liability company, and each transferred its interests in the Lusail Land to the Lusail Joint Venture in exchange for a 50% shareholder interest in the Lusail Joint Venture. Among other things, the Lusail Joint Venture assumed the obligations of Al-Imtiaz and QRE to make the remaining total $274 million in future land payment installment due to Qatari Diar under the Land Purchase Agreement ($137 million of which represented the QRE Land Payments assumed by QRE). To fund the QRE Land Payments, QRE advanced funds as shareholder loans to the Lusail Joint Venture.

iii. AIHL's Syndication of 11.94% interest in Lusail Capital to Investors

In furtherance of its general business practices, AIHL offered to sell up to 25% of its indirect interest in the Lusail Joint Venture. AIHL ultimately sold only 11.94% of such interest. After the closing of the private placement, the ownership of the relevant entities[34] was as follows:



34 To insure compliance with GCC regulations and to take advantage of favorable Qatari tax laws, the stock of QRE is actually held by ME Ventures I and ME Ventures II which Lusail Heights Holding Co. Ltd. controls through a call option agreement, cross-directorships and an Istisna development agreement.

iv. In 2011, Barwa Acquired Al-Imtiaz's 50% Interest in the Lusail Joint Venture

On April 16, 2011, Al-Imtiaz sold its 50% interest in the Lusail Joint Venture to Barwa Real Estate Company ("***Barwa***"). Barwa and QRE simultaneously executed a shareholders agreement (the "***Barwa Shareholders Agreement***") and both agreed to fund the Lusail Joint Venture with shareholder loans necessary to make remaining installment payments due to Qatari Diar under the Land Purchase Agreement pursuant to a schedule (the "***Drawdown Schedule***") as follows:

June 1, 2012 – $30.4 million (Paid)
June 1, 2013 – $30.4 million
June 1, 2014 – $30.4 million
June 1, 2015 – $15.2 million
June 1, 2016 – $15.2 million
June 1, 2017 – $15.2 million

The Drawdown Schedule corresponds to remaining payments due from the Lusail Joint Venture to Qatari Diar under the Land Purchase Agreement.

b. The 2009 Sale-Leaseback Transaction

In December of 2009, as a means to generate liquidity, Arcapita Bank and QRE entered into a series of transactions (the "***2009 Transactions***") with QIB and QInvest LLC (collectively, the "***QIB Group***"). The net effect of the 2009 Transactions was a sale-leaseback pursuant to which the QIB Group purchased QRE's 50% interest in the Lusail Joint Venture (the "***JV Shares***") for $75 million and simultaneously provided Arcapita Bank with a 6-month leasehold interest in the Lusail Land along with an option to repurchase the JV Shares. In May of 2010, Arcapita Bank exercised the option to repurchase the JV Shares for QRE's benefit, thereby restoring to QRE its 50% ownership interest in the Lusail Joint Venture.

c. The 2012 Sale-Leaseback Transaction

In March of 2012, in order to ensure that QRE would have the cash available to fund the payments due under the Drawdown Schedule (and to meet other funding requirements of portfolio companies), Arcapita Bank and QRE entered into a series of transactions similar to the 2009 Transactions with QIB that again comprised a sale-leaseback of QRE's JV Shares (the "***2012 Transactions***"). The 2012 Transactions included the following:

- QRE's Sale of the JV Shares to QIB: Pursuant to the *Sale and Purchase of Shares and Assignment of Rights Agreement* dated March 5, 2012 (the "***QIB JV Share Purchase Agreement***"), QRE and QRE Acquisitions W.L.L.[35] (defined collectively as the "Seller" in the Share Purchase Agreement) sold its JV Shares and assigned its legal interests and rights in the Lusail Land to QIB

[35] The Barwa Shareholders Agreement contemplated that 50% of the shares held by QRE Investments W.L.L. (*i.e.*, 25% of the total shares of the Lusail Joint Venture) would be transferred to QRE Acquisitions W.L.L. That transfer ultimately did not take place.

for approximately $200 million and QIB, as the new 50% shareholder in the Lusail Joint Venture, agreed to assume QRE's payment and other obligations under the Barwa Shareholders Agreement. Arcapita Bank guaranteed QRE's performance of all obligations owed to QIB under the QIB JV Share Purchase Agreement. AIHL was not a party to the QIB JV Share Purchase Agreement.

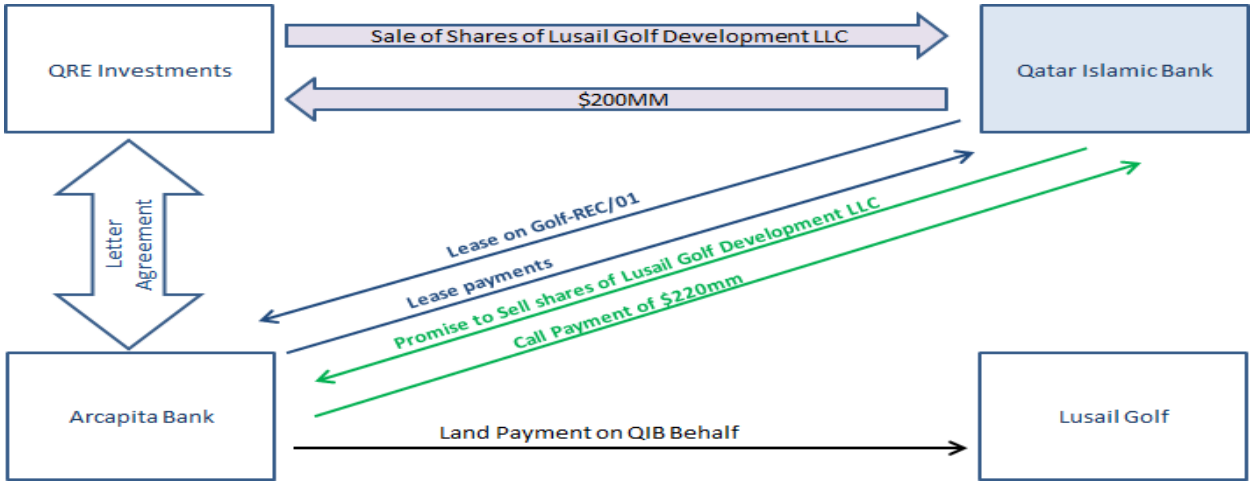
- QIB's Leaseback of Lusail Land to Arcapita Bank: Pursuant to the *Lease Agreement* dated March 5, 2012 between Arcapita Bank and QIB (the "***Lease***"), QIB leased back its interest in the Lusail Land and ownership rights in the JV Shares to Arcapita Bank for 3 years. In return, Arcapita Bank agreed to: (1) pay QIB semi-annual rent payments of $10 million (plus a one-time payment of $4 million due at closing); and (2) further agreed to make all payments due under the Barwa Shareholders Agreement assumed by QIB, including those set forth in the Drawdown Schedule.

- Arcapita Bank Option to Buy Back the JV Shares: Pursuant to the *Promise to Sell* dated March 5, 2012 between Arcapita Bank and QIB (the "***Promise to Sell***"), QIB granted Arcapita Bank an option (the "***Option***") to repurchase the JV Shares for $220 million (the "***Repurchase Price***") exercisable at any time during the Lease period (*i.e.*, the original purchase price plus a $20 million call premium (the "***Call Premium***")). The "***Option Period***" (as defined in the Promise to Sell) ends upon the earlier of: (i) 3 years; or (ii) the termination of the Lease.

- QRE Agreed to Deposit the Sale Proceeds into an Arcapita Bank Account: Pursuant to the *Letter Agreement* dated March 12, 2012 between Arcapita Bank and QRE (the "***QRE Letter Agreement***"), QRE agreed to deposit the approximately $196 million in net proceeds (after subtracting the one-time $4 million fee paid to QIB) from the sale of the JV Shares to QIB into an Arcapita Bank account, provided that the funds were callable by QRE at any time. In return, Arcapita Bank agreed to: (i) hold the Option for QRE's benefit and exercise the Option at QRE's direction; (ii) make the semi-annual rent payments due under the Lease; (iii) make the QRE Land Payments as set forth in the Drawdown Schedule (which payments are also addressed in the Lease); and (iv) pay the $20 million Call Premium upon the exercise of the Option.

  On March 12, 2012, pursuant to the QRE Letter Agreement, QIB caused the approximately $196 million in net sale proceeds (the "***Sale Proceeds***") to be deposited directly into its Master Account at JP Morgan Chase (New York). The Master Account was in the name of Arcapita Bank and was not a segregated account, and the Sale Proceeds were commingled with other funds of Arcapita Bank. Notably, the Sale Proceeds did not flow up and through QRE ownership to AIHL and then to the Master Account. Arcapita Bank then used the funds in the Master Account to sustain its operations (and those of its debtor and non-debtor subsidiaries, including AIHL and its subsidiaries) and pay other obligations in the ordinary course of its business.

The following chart summarizes the 2012 Transactions:



d. Arcapita Bank Makes the First $30.4 Million Payment Required By The Drawdown Schedule In June 2012

Pursuant to the Drawdown Schedule, on June 1, 2012, each party to the Lusail Joint Venture was obligated to fund a $30.4 million shareholder loan to the Lusail Joint Venture (the "***June Funding Obligation***") to then allow the Lusail Joint Venture to make the required installment payment to Qatari Diar. Pursuant to the Lease, Arcapita Bank had assumed QIB's funding obligation to the Lusail Joint Venture.

Failure to satisfy the June Funding Obligation and the resulting default under the Lease, the QIB JV Shares Purchase Agreement, the Barwa Shareholders Agreement and the Lusail Land Sale Agreement would have impaired or caused a loss of QRE's and Arcapita Bank's interests in the Lusail Land. For example, if Arcapita Bank had failed to pay the June Funding Obligation, QIB could have called an event of default under and terminated the Lease and option rights under the Option Agreement.

The Debtors' rights to the Lusail Land is perhaps the most valuable asset of the Debtors' estates and the loss of those rights would have significantly reduced the ability of the Debtors to make a distribution to creditors through the Plan. Accordingly, in order to preserve the valuable rights in the Lusail Land, on May 17, 2012, the Debtors filed a motion for an order approving an intercompany loan of $30.4 million to allow Arcapita Bank to fund the payment due under the Drawdown Schedule [Docket No. 150]. On May 31, 2012, the Bankruptcy Court granted the motion [Docket No. 196] and Arcapita Bank paid the June Funding Obligation utilizing liquidity obtained from the proceeds of the sale of the JV Shares to QIB. An additional payment of $30.4 million is due under the Drawdown Schedule on June 1, 2013.

On August 2, 2012, the Debtors filed a motion for an order approving an intercompany loan of up to $10 million to the Lusail Joint Venture in order to satisfy the semi-

annual Lease Payment due to QIB payable on or around September 5, 2012 [Docket No. 365]. On August 17, 2012, the Bankruptcy Court entered an order authorizing Arcapita Bank to fund the Lease Payment [Docket No. 423]. An additional payment of $10 million in semi-annual Lease Payment to QIB was made on March 12, 2013, pursuant to an approved budget [Docket No. 911].

e. The Competing Interests of the Arcapita Bank and AIHL Estates As a Result of the 2012 Transaction.

As a result of QRE's deposit of the Sale Proceeds with Arcapita Bank, QRE currently holds a general unsecured claim against Arcapita Bank in the approximate amount of $196 million. *See* Schedule F of Arcapita Bank [Docket Nos. 212 and 821]. In the course of Plan negotiations, the Debtors analyzed whether (i) the transfer of the Sale Proceeds from QRE to Arcapita Bank could be avoided by QRE or AIHL under the Bankruptcy Code and thereby provide QRE and/or AIHL with an administrative claim or other right of recovery superior to an unsecured claim, and (ii) QRE could successfully argue that the Sale Proceeds are not property of the Arcapita Bank estate, under a theory of constructive trust or otherwise, entitling QRE to an administrative claim rather than an unsecured claim.

In performing this analysis, the Debtors considered the following key facts:

- AIHL was not involved in the Sale and was not a party to the QRE Letter Agreement;
- Arcapita Bank received the Sale Proceeds directly from QIB and no part of the Sale Proceeds flowed "up" from QRE through AIHL affiliates to AIHL and then ultimately to Arcapita Bank;
- AIHL did not own the Lusail Shares sold to QIB and was not an immediate or mediate transferee of the Sale Proceeds;
- QRE is not a debtor; and
- after the initial transfer, the majority of the Sale Proceeds were spread among various accounts of Arcapita Bank's subsidiaries and then spent to: (a) make payments under the Lease, thereby protecting the Option; (b) support the Arcapita Group's continuing operations; (c) make various placements; and (d) provide liquidity to certain of the Debtors' portfolio companies.

With respect to the potential claim of AIHL and/or QRE against Arcapita Bank on account of the deposit of the Sale Proceeds, the Debtors considered whether AIHL and/QRE had standing to pursue avoidance claims, as well as whether a claim accruing postpetition (such as an avoidance claim under the Bankruptcy Code asserted by a debtor) may give rise to an administrative claim.

With respect to the potential argument that the Sale Proceeds are not property of the Arcapita Bank estate, the Debtors considered whether QRE could successfully assert that it is entitled to a constructive trust with respect to the Sale Proceeds. *See Superintendent of*

Insurance for the State of New York v. Ochs (*In re First Cent. Fin. Corp.*), 377 F.3d 209, 212 (2d Cir. 2004) (establishment of a constructive trust renders property not "property of the estate"). To establish a right to a constructive trust under New York law, a party must prove, by "clear and convincing evidence," the existence of: (1) a confidential or fiduciary relationship; (2) a promise, express or implied; (3) a transfer of the subject *res* made in reliance on that promise; and (4) unjust enrichment. *Id.* Notably, New York law generally bars a finding of unjust enrichment where there is a valid enforceable written agreement between the parties. *Id.* at 213. Additionally, a party can only recover funds in a constructive trust (the "*res*") to the extent such funds can be traced to an account and still remain in that account. *See In re Drexel Burnham Lambert Group, Inc*., 142 B.R. 633, 637 (S.D.N.Y. 1992). Pursuant to the "lowest intermediate balance rule" established in *Drexel Burnham*, if funds in an account are depleted, new funds deposited into that account from another source cannot replenish the *res*. Therefore, even if a party initially traces funds to an account, that party can only recover the *res* up to the lowest intermediate balance in the account. *Id*. at 638.

Based upon the foregoing facts and legal precedent, the Debtors analyzed the merits of each argument and considered the uncertainties, expense and time commitment associated with litigating these issues to resolution. In light of this analysis, the Debtors determined that QRE should receive payment in full in respect of its claim at the time of the sale of the Lusail Joint Venture. To implement the foregoing treatment, the Debtors will assume and assign the QRE Letter Agreement on the Effective Date on modified terms to ensure that no payments will be due to QRE unless and until the Lusail Option is exercised or a similar monetization transaction takes place that monetizes the Arcapita Group's interests in the Lusail Land. The QRE Letter Agreement, as modified, will provide that the funds placed with Arcapita Bank will be payable to QRE upon the sale of the Lusail Joint Venture, in lieu of treatment as a General Unsecured Creditor of Arcapita Bank under the Plan. The Plan Settlements represent a fair and reasonable settlement of each of the issues described above and reflect a commensurate allocation of value between the Arcapita Bank and AIHL estates.

5. Potential Substantive Consolidation of the Debtors

In a chapter 11 plan, the assets and liabilities of several jointly administered debtors are typically treated separately rather than pooled. However, in certain circumstances a bankruptcy court may "substantively consolidate" the affiliated debtor entities based upon equitable factors and combine all assets and all liabilities of all Debtors. Given the structural seniority of AIHL with respect to the value derived from the Arcapita Group investments held under AIHL, substantive consolidation of all of the Debtors' estates would greatly inure to the benefit of Arcapita Bank and its creditors. Although the Plan reflects separate treatment of each of the individual Debtors, the terms of the Plan represent a compromise based on the relative risk of substantive consolidation in the event a party in interest was to file a motion for substantive consolidation before the Bankruptcy Court.

Substantive consolidation is a court-created equitable remedy that allows creditors to obtain a recovery from one entity as a result of a claim against a separate entity by combining the assets and liabilities of the entities for purposes of distributions in the bankruptcy case. Specifically, "[t]he intercompany claims of the debtor companies are eliminated, the assets of all debtors are treated as common assets and claims of outside creditors against any of the debtors

are treated as against the common fund." *Chemical Bank N.Y. Trust Co. v. Kheel*, 369 F.2d 845, 847 (2d Cir. 1966) (Bankruptcy Act case). The purpose of substantive consolidation is to "insure the equitable treatment of all creditors." *In re Murray Indus.*, 119 B.R. 820, 830 (Bankr. M.D. Fla. 1990).

The authority to order substantive consolidation stems from the general equitable powers of the Bankruptcy Court conferred by section 105(a) of the Bankruptcy Code, which authorizes bankruptcy courts to issue "any order, process or judgment necessary or appropriate to carry out the provisions" of the bankruptcy code. 11 U.S.C. § 105(a); *see also, e.g.*, *In re Richton Int'l Corp.*, 12 B.R. 555, 557 (Bankr. S.D.N.Y 1981) ("the power to consolidate must derive from the general equity jurisdiction of a court of bankruptcy . . . as implemented by section 105(a) of the Code").

Although it is a remedy only found in bankruptcy, courts have permitted substantive consolidation of the assets of a related non-debtor entity into the debtor's estate if equity among all parties would be served. *See, e.g.*, *In re Logistics Info. Sys., Inc.*, 432 B.R. 1, 11–12 (D. Mass 2010) ("Within this circuit, bankruptcy courts have approved the application of substantive consolidation to non-debtors, often in cases in which the non-debtor is a subsidiary or alter ego of the debtor.").

In deciding whether to apply substantive consolidation, courts in the Second Circuit apply a two-part test. First, the court examines whether creditors dealt with the multiple entities as a single economic unit rather than relying on their separate identities in extending credit. Second, the court examines whether the affairs of the entities are so entangled that consolidation will benefit all creditors. This determination involves a "fact intensive case-by-case analysis." *In re New Center Hosp.*, 179 B.R. 848, 854 (Bankr. E.D. Mich. 1994) *aff'd in part, rev'd in part* 187 B.R. 560 (E.D. Mich. 1995).

In analyzing whether the interrelationship between the entities warrants substantive consolidation, courts in the Second Circuit have generally considered the presence, absence, or degree of presence of seventeen factors set forth in *In re Drexel Burnham Lambert Group, Inc.*, 138 B.R.723, 764 (Bankr. S.D.N.Y. 1992). These factors, however, are not to be "mechanically applied." *In re Donut Queen, Ltd.*, 41 B.R. 706, 709 (Bankr. E.D.N.Y. 1984). Rather, they should be "evaluated within the larger context of balancing the prejudice resulting from the proposed order of consolidation with the prejudice the moving creditor alleges it suffers from debtor separateness." *Id.* at 709-10.

The Debtors performed a detailed analysis of the *Drexel* factors and considered each of the relevant facts in these cases that weigh in favor of and in opposition to a finding of the presence or lack of "entanglements" related to substantive consolidation. The Debtors further considered the uncertainties, expense and time commitment associated with litigating these issues to resolution. The Plan Settlements represent a fair and reasonable settlement of each of the issues described above and reflect a commensurate allocation of value between the Arcapita Bank and AIHL estates.

6. Recharacterization of Intercompany Loans Between Debtors

In the ordinary course of the Arcapita Group's business, intercompany balances are generated by and between the Debtor entities and the balances fluctuate greatly over time. On the Petition Date the Debtors' accounting records reflected two intercompany balances of a significantly material amount between the Debtors:

- $456 million due Arcapita Bank from AIHL (the "***Arcapita Bank Loan***"); and
- $316 million due LT Holdings from Arcapita Bank (the "***LT Holdings Loan***," and together with the Arcapita Bank Loan, the "***Intercompany Loans***").[36]

Arcapita Bank Loan: The Arcapita Bank Loan arose as a result of the mechanical operation of the funding and accounting for the Debtors' investments combined with the fact that none of the Debtors, other than Arcapita Bank, maintained a third-party bank account as of the Petition Date. Beginning in 1998, Arcapita Bank capitalized AIHL by transferring cash to AIHL in exchange for the stock of AIHL. However, because AIHL did not maintain a third-party bank account, Arcapita Bank reflected this capitalization transfer by booking an intercompany liability to AIHL in the amount of the capital transferred, without the physical movement of any cash.

In the ordinary course of business, AIHL's acquisition of or investments in portfolio companies did not consume any actual AIHL cash. Rather, these acquisitions or investments occurred by cash transfers directly from Arcapita Bank to the sellers of these companies. As an accounting matter, however, these transactions were generally recorded as intercompany loans to AIHL, followed either by (a) equity investments by AIHL in LT Holdings which, in turn: (i) used that cash to purchase the long-term equity in investments that were held by AIHL prior to the creation of LT Holdings; and (ii) used the residual cash to purchase the long-term equity of investments made after the creation of LT Holdings, or (b) in the case of funding of WCFs owned by AIHL, equity contributions to the capital of the relevant WCF. Generally, proceeds from portfolio company exits followed a different path. Cash proceeds from exits were deposited with Arcapita Bank and were reflected, for accounting purposes, either as return of capital (in the case of WCF repayments) or, with respect to proceeds related to disposition of a Long-Term Holding, as a deposit claim of LT Holdings against Arcapita Bank (i.e., LT Holdings did not dividend cash to AIHL); capital returned through WCF repayments was then recorded as a reduction of AIHL's intercompany loan from Arcapita Bank.

The Arcapita Bank Loan reflects the intercompany balance between Arcapita Bank and AIHL on the Petition Date. In effect, after taking into consideration the original capitalization transaction, subsequent acquisitions, investments and sales, AIHL, as an accounting matter, owed Arcapita Bank more than Arcapita Bank owed AIHL – resulting in an amount owing from AIHL to Arcapita Bank. At the time of the bankruptcy filing, the amount of this "overdraft" owed by AIHL to Arcapita Bank was approximately $456 million.

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[36] In addition to the Arcapita Bank Loan and the LT Holdings Loan, the Debtors' accounting records as of the Petition Date reflected other intercompany balances of a less material nature. The Debtors and their professionals have analyzed certain of these balances in the same manner set forth herein with respect to the Arcapita Bank Loan and the LT Holdings Loan, and these analyses are incorporated into the Plan Settlements.

LT Holdings Loan: LT Holdings' claims against Arcapita Bank arising from the initial capitalization of LT Holdings and portfolio company exits, as described above, form the basis of the LT Holdings Loan. On the Petition Date, LT Holdings had, for accounting purposes, $316 million of exit proceeds related to Long-Term Holdings on deposit with Arcapita Bank and has an intercompany claim for this amount.

While each of the Arcapita Bank Loan and the LT Holdings Loan were characterized by the parties to the transactions as "loans," bankruptcy law provides that loans may be recharacterized as equity investments in the event that they present the hallmarks of an equity infusion. To the extent that the Arcapita Bank Loan was to be recharacterized as an equity investment by Arcapita Bank in AIHL, the Arcapita Bank Loan would be subordinated to the claims of other creditors of AIHL and would generally inure to the benefit of AIHL's creditors. To the extent that the LT Holdings Loan was to be recharacterized as an equity investment by LT Holdings in Arcapita Bank, subordination of the LT Holdings Loan would benefit the creditors of Arcapita Bank.

Section 105 of the Bankruptcy Code authorizes a bankruptcy court to recharacterize transactions that are nominally labeled as "loans" to equity investments. *See, e.g.*, *Fairchild Dornier GmbH v. Official Comm. of Unsecured Creditors (In re Official Comm. of Unsecured Creditors for Dornier Aviation (North America), Inc.)*, 453 F.3d 225 (4th Cir. 2006); *Bayer Corp. v. MascoTech, Inc. (In re AutoStyle Plastics, Inc.)*, 269 F.3d 726, 748-49 (6th Cir. 2001); *Sender v. Bronze Group, Ltd. (In re Hedged-Invs. Assocs., Inc.)*, 380 F.3d 1292 (10th Cir. 2004); *but see Grossman v. Lothian Oil Inc. (In re Lothian Oil Inc.)*, 650 F.3d 539 (5th Cir. 2011) (holding that the bankruptcy court's statutory authority is based in section 502(b) of the Bankruptcy Code).

In determining whether a "loan" transaction should be recharacterized as an equity investment, a court must engage in a highly fact-dependent inquiry in order to determine whether the transaction "appears to reflect the characteristics of … an arm's length negotiation." *See Dornier Aviation*, 453 F.3d at 234 (internal citations omitted). The determination is based upon "whether the objective facts establish an intention to create an unconditional obligation to repay the advances." *Roth Steel Tube Co. v. Comm'r of Internal Revenue*, 800 F.2d 625, 630 (6th Cir. 1986). In addition, transactions between a parent and a subsidiary "are subject to particular scrutiny 'because the control element suggests the opportunity to contrive a fictional debt.'" *Id.* (internal citations omitted).

In evaluating the substance of a transaction, courts utilize a multi-factor test (none of which are individually controlling or decisive), which includes: (1) the names given to the instruments, if any, evidencing the indebtedness; (2) the presence or absence of a fixed maturity date and schedule of payments; (3) the presence or absence of a fixed rate of interest and interest payments; (4) the source of repayments; (5) the adequacy or inadequacy of capitalization; (6) the identity of interest between the creditor and the stockholder; (7) the security, if any, for the advances; (8) the corporation's ability to obtain financing from outside lending institutions; (9) the extent to which the advances were subordinated to the claims of outside creditors; (10) the extent to which the advances were used to acquire capital assets; and (11) the presence or absence of a sinking fund to provide repayments (collectively, the "***Recharacterization Factors***"). *Id.*

The Debtors performed a detailed analysis of the Recharacterization Factors and considered each of the relevant facts in these cases that weigh in favor of and in opposition to recharacterization of the Intercompany Loans as equity infusions. The Debtors further considered the uncertainties, expense and time commitment associated with litigating these issues to resolution. The Plan Settlements represent a fair and reasonable settlement of each of the issues described above and reflect a commensurate allocation of value between the Arcapita Bank and AIHL estates.

7. Arcapita Bank's Control Over Portfolio Investments

As previously discussed in Section III.B. above, each Syndication Company has entered into an Administration Agreement with AIML pursuant to which AIML agrees, subject to the oversight of the Syndication Company board, to manage the affairs of the Syndication Company, and the Third-Party Investors have granted Syndication Company Proxies to AIML as to the voting rights of the Third-Party Investors in the Syndication Company. AIML is a direct subsidiary of Arcapita Bank, and is not owned by AIHL. Therefore, to the extent there is any value associated with the Administration Agreements, the ability to control the Transaction Holdco through the Syndication Company Proxies and the ability of Arcapita Bank management to convince the Third-Party Investors not to revoke the Syndication Company Proxies, such value inures to the benefit of Arcapita Bank and its creditors.

a. Syndication Company Proxies

The Syndication Company Proxies are significantly limited in scope, and are revocable in the sole discretion of the applicable Third-Party Investors. The rights of AIML under the Syndication Company Proxies do not extend to the election or removal of directors of the Syndication Companies themselves; rather, those rights are vested in the current Syndication Company board members (who have been given the power to appoint a replacement for any resigning member) and the Third-Party Investors in the Syndication Companies (who, upon a two-thirds vote may remove and replace board members). In addition, the Syndication Company Proxies require that all Third-Party Investors be provided with notice of shareholders' meetings and any proposals where the Third-Party Investors as shareholders may act by written consent. The Third-Party Investors have the right to instruct AIML how to vote.

In light of the foregoing, the Debtors do not believe that the powers associated with the Syndication Company Proxies held by AIML have any discernible value.

b. Administration Agreements

While the Administration Agreements provide AIML with certain rights and responsibilities concerning the management of the Syndication Companies and the PVs, the Administration Agreements do not authorize AIML to vote the equity interests held by the Syndication Companies or PVs in the Transaction Holdco without approval of the Syndication Company or PV board of directors. In addition, AIML, as administrator, does not have the authority to acquire or dispose of any portfolio company investment without the approval of the board of the applicable Syndication Company or PV.

The Administration Agreements generally have an initial term of four years, and thereafter automatically renew for successive one-year periods, unless the Syndication Company gives notice of its intent not to renew the Administration Agreement 30 business days prior to the end of the present term. Further, the Administration Agreements are terminable at any time by the Syndication Company on 60 business days' notice if the shareholders of the Syndication Company approve of the termination by a special resolution which requires a two-thirds vote.

In light of the foregoing, the Debtors do not believe that the Administration Agreements to which AIML is a party have any discernible value with the exception of fees AIML may earn for managing the Syndication Companies. The value of the fees to which AIML is entitled for managing the Syndication Companies and PVs is addressed and incorporated in the "Allocation of Portfolio Asset Value" analysis described in Section VI.B.1. hereof.

8. Arcapita Bank's Headquarters Lease – Potential Recharacterization, Settlement with AHQ Cayman I Investors and Treatment in the Plan

a. Prepetition Transactions

Prior to October of 2009, Arcapita Bank owned a 26,100 square meter office building together with the adjoining land (the "***HQ Building***"), and an additional 21,000 square meters of undeveloped land for sale (collectively with the HQ Building, the "***HQ Real Property Assets***") located in Bahrain Bay, Kingdom of Bahrain. To facilitate the transfer of 39% of Arcapita Bank's interest in the HQ Real Property Assets to AIHL and the sale of 61% of Arcapita Bank's interest in the HQ Real Property Assets to third-party investors pursuant to a typical Ijara financing transaction structured to conform to Shari'ah principles, Arcapita Bank and AIHL engaged in the following transactions:

- on October 6, 2009, Arcapita Bank formed AHQ Holding Company W.L.L. ("***AHQ***") and transferred the HQ Real Property Assets to AHQ. As described below, AIHL indirectly owns approximately 39% of AHQ;

- on December 15, 2009, Arcapita Bank and AHQ entered into the HQ Lease by which AHQ leased the HQ Real Property Assets to Arcapita Bank (the transfer to AHQ and the HQ Lease combined are described herein as the "***Sale-Leaseback Transaction***"). Under the terms of the HQ Lease, Arcapita Bank agreed to pay to AHQ a lease payment of $40 million per year in two semi-annual payments of $20 million each (the "***HQ Lease Payments***") for a period of ten years. Arcapita Bank has used and continues to use the HQ Real Property Assets as the location of its international headquarters;

- on June 1, 2010, Arcapita Bank sold its shares in AHQ to AHQ Cayman Holding Company I Limited ("***AHQ Cayman I***"), which is a wholly owned subsidiary of AIHL;

- on June 9, 2010, AHQ Cayman I granted Arcapita Bank an option to (i) purchase the shares of AHQ for the greater of $400 million or the fair market

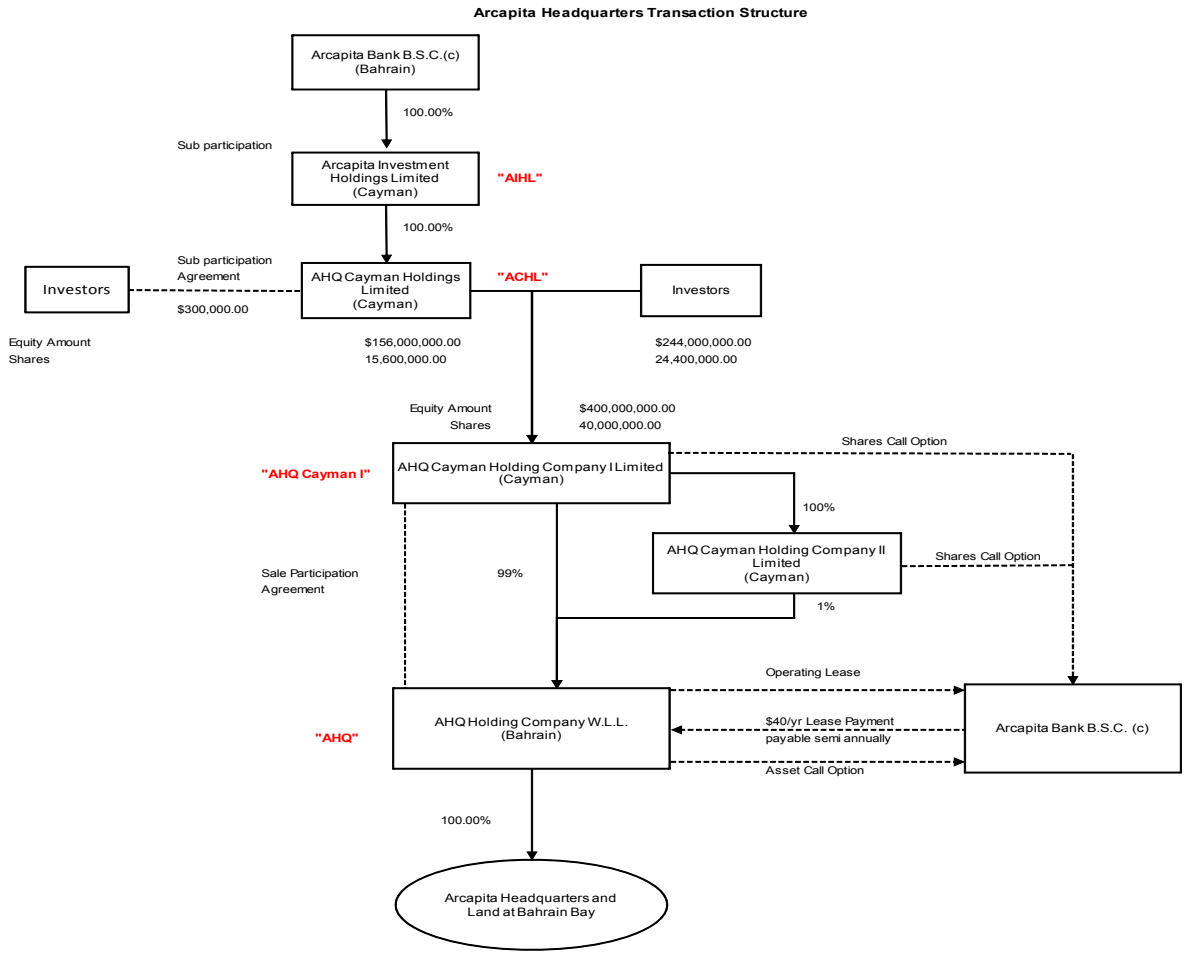
value of the shares of AHQ, or (ii) purchase the assets of AHQ for the greater of $400 million or the fair market value of the HQ Real Property Assets;

- at approximately the same time, AIHL formed a wholly owned subsidiary, AHQ Cayman Holdings Limited ("***ACHL***"), and AIHL transferred its shares in AHQ Cayman I to ACHL;

- on August 16, 2010, ACHL sold 61% of its equity ownership interests in AHQ Cayman I to third-party investors (the "***AHQ Cayman I Investors***") for $244 million; and

ACHL continues to hold the remaining 39% equity interest in AHQ and AIHL continues to hold 100% of the shares of ACHL. ACHL and the AHQ Cayman I Investors share the HQ Lease Payments from Arcapita Bank in proportion to their respective ownership of AHQ Cayman I (*i.e.*, 39% to ACHL and 61% to the AHQ Cayman I Investors).

Below is a chart of the resulting ownership structure with respect to the HQ Real Property Assets.



b. Potential Recharacterization of the HQ Lease and Sale-Leaseback Transaction

Under the Bankruptcy Code, no matter how a transaction may be labeled in the controlling documents, the Bankruptcy Court may look through the face of the documents to the entirety of the transaction and may recharacterize a transaction to reflect its true nature or "economic reality."

Even though the HQ Lease is labeled as a "lease," if a party in interest were to file an adversary proceeding to recharacterize the Sale-Leaseback Transaction, the Bankruptcy Court may, but not necessarily would, recharacterize the Sale-Leaseback Transaction (including the HQ Lease) as a financing transaction, rather than a "true lease."[37] If the Bankruptcy Court were to find that cause exists to recharacterize the Sale-Leaseback Transaction, then it would enter a judgment, providing that title to the HQ Real Property Assets would be deemed to be held by Arcapita Bank instead of AHQ, and Arcapita Bank would have no obligation to pay accrued but deferred HQ Lease Payments or make future HQ Lease Payments. Although Arcapita Bank would still be liable for the actual financing proceeds received in connection with the Sale-Leaseback Transaction, this liability would likely be treated as a General Unsecured Claim against Arcapita Bank.

The Debtors believe that arguments can be made both for and against recharacterization. Based upon U.S. law relating to recharacterization, the Debtors believe that arguments could be made that the Sale-Leaseback Transaction and HQ Lease are actually a financing transaction rather than a true lease, that the HQ Lease is voided and no HQ Lease Payments are due, that Arcapita Bank still holds title to the HQ Real Property Assets, and that AHQ holds only a General Unsecured Claim against Arcapita Bank for financing actually extended to Arcapita Bank, and would enter a judgment accordingly.

However, the Debtors also believe that arguments could be made that the agreements related to the Sale-Leaseback Transaction, including the HQ Lease, should be enforced as written and not recharacterized. The transaction related to the HQ Real Property Assets is governed by Bahrain law, which would likely enforce the documents as written, rather than recharacterize them. In addition, as the transaction was structured as an Ijara to conform to Shari'ah principles and a decision recharacterizing that structure would undermine basic Islamic finance principles, there would likely be a legal as well as a practical impediment under Bahrain law to recharacterization.

Moreover, if the Bankruptcy Court were to enter a recharacterization order, there would likely be enforceability constraints in Bahrain. While some provisions of any

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[37] *See, e.g.*, *Barney's, Inc. v. Isetan Co.*, 206 B.R. 328, 333 (Bankr. S.D.N.Y. 1997) ("The phrase 'lease of real property' does not apply to lease financing transactions or to leases intended as security, but rather applies only to a 'true' or 'bona fide' lease. Thus, where the purported 'lease' involves merely a sale of the real estate and the rental payments are, in truth, payments of principal and interest on a secured loan involving a sale of real estate, there is no true lease…."); *In re PCH Associates,* 804 F.2d 193, 200 (2d Cir. 1986) (recharacterization is appropriate where "security transactions, loans and other financing arrangements [are] couched in lease terms"); *Hotel Syracuse, Inc. v. City of Syracuse Indus. Dev. Agency*, 155 B.R. 824, 838 (Bankr. N.D.N.Y. 1993) (courts utilize a multi-factor "economic realities" test in order to determine the true nature of the transaction.).

recharacterization order could be easily enforced in the United States – including, for example, whether the HQ Lease Payments were allowable against Arcapita Bank as Administrative Expense Claims in its Chapter 11 Case – other provisions, such as those that effectively reconvey title to the HQ Real Property Assets to Arcapita Bank, would have to be enforced in Bahrain, the location of the HQ Real Property Assets. There is a substantial question whether any order recharacterizing the Sale-Leaseback Transaction would be recognized by the courts of Bahrain or enforceable in Bahrain. If not enforceable, Arcapita Bank would not, for Bahrain purposes, be able to obtain legal reconveyance of the HQ Real Property Assets or avoid the obligations of the HQ Lease, and a failure to pay the HQ Lease Payments may result in AHQ exercising its rights in Bahrain to recover possession of the HQ Real Property Assets.

c. Standstill Agreement

Postpetition, Arcapita Bank, AHQ, AHQ Cayman I, ACHL and the AHQ Cayman I Investors entered into a "Standstill Agreement" as to the $20 million in semi-annual HQ Lease Payments to be paid by Arcapita Bank under the terms of the HQ Lease and past due prepetition rent. Assuming the HQ Lease is rejected, an Effective Date of June 1, 2013, and that the HQ Lease is not recharacterized as described below, AHQ may assert General Unsecured Claims of as much as $10 million for unpaid prepetition rent, a General Unsecured Claim of $48 million for damages due to the rejection of the HQ lease and an Administrative Expense Claim of $48.7 million (at the contract rate in the HQ Lease) for unpaid rent due during the postpetition period.

The essential terms of the Standstill Agreement are as follows:

- without giving rise to a breach of the HQ Lease, Arcapita Bank shall not be required to make the HQ Lease Payments during the term of the Standstill Agreement beginning on the Petition Date (defined in the agreement as the ***"Standstill Period"***), until terminated upon 30 days' written notice;

- during the Standstill Period, Arcapita Bank and its affiliated Debtors shall not commence any action to recharacterize the HQ Lease or the Sale-Leaseback Transaction or change their treatment; and

- the parties shall negotiate in good faith to reach an agreement to resolve the treatment of the HQ Lease, the accrued HQ Lease Payments, postpetition rent and the recharacterization issues described above.

All of the parties retained all rights with respect to the HQ Lease.

d. Resolution of the HQ Lease Issues With the Third-Party Investors

As indicated in Section VI.B. above, the Debtors have, through the allocation of economic interests reflected in the Plan, resolved numerous outstanding disputed intercompany issues. One of those resolved issues relates to claims between Arcapita Bank and AIHL, as an indirect owner of AHQ, through its 100% ownership of ACHL which owns 39% of AHQ Cayman I, arising from the Sale-Leaseback Transaction and the HQ Lease. The resolution of the intercompany issues related to the Sale-Leaseback Transaction and the HQ Lease does not, however, resolve the issues related to these transactions between the Debtors, on the one hand,

and the third-party AHQ Cayman I Investors who own the remaining 61% of AHQ Cayman I, on the other hand.

The Plan implements an agreed resolution of the outstanding issues between the Debtors and the AHQ Cayman I Investors related to the Sale-Leaseback Transaction and the HQ Lease, including a resolution of any potential recharacterization claim related to the indirect ownership interest of the AHQ Cayman I Investors in the HQ Building and the amount and treatment of prepetition and postpetition Claims of the AHQ Cayman I Investors asserted through AHQ. In connection with the proposed settlement, the Debtors considered, among other things, the uncertainties, expense and time commitment associated with litigating the recharacterization issues, the impact of a settlement on the Debtors' ability to emerge from chapter 11 pursuant to the Plan, the likelihood of success on the merits of such litigation, the potential Claims, whether Administrative Expense Claims or General Unsecured Claims, that might be asserted by the AHQ Cayman I Investors, through AHQ, if recharacterization were successful or if recharacterization were not successful, and the difficulties associated with enforcing any recharacterization determination in Bahrain. The Debtors believe that the settlement terms as described below are well within the range of reasonableness and are beneficial to the Debtors' estates.

With effect only if the Effective Date of the Plan occurs, the Debtors, AHQ, AHQ Cayman I and the AHQ Cayman I Investors have agreed as follows, in full and final settlement of any and all outstanding issues among the parties:

1. **Resolution of Recharacterization Issues**

- Arcapita Bank has agreed to waive and release any claim to recharacterize the HQ Lease or the Sale-Leaseback Transaction as a financing transaction.

- The HQ Lease shall be treated as an unexpired lease under section 365 of the Bankruptcy Code and rejected as of the Effective Date.

2. **Claims by AHQ and the AHQ Cayman I Investors**

- AHQ and AHQ Cayman I shall waive any Administrative Expense Claim or General Unsecured Claim against any Debtor under the Plan.

- The AHQ Cayman I Investors, on a pro rata basis to their ownership in AHQ Cayman I, shall be entitled to an Allowed Administrative Expense Claim against Arcapita Bank in the amount of $1.159 million.

- The AHQ Cayman I Investors, on a pro rata basis to their ownership in AHQ Cayman I, shall be entitled to an Allowed Class 5(a) General Unsecured Claim against Arcapita Bank in the amount of $35.38 million (for accrued but unpaid prepetition rent and damages arising from the rejection of the HQ Lease).

- The AHQ Cayman I Investors shall be released by the Debtors pursuant to the Plan.

The definitive documents evidencing the settlement will be filed in the Plan Supplement.

3. **Option for New Post-Effective Date Lease**

Pursuant to a new lease option, the Reorganized Arcapita Group shall have the option, with the consent of the Committee, which option shall be exercised no later than the date of the filing of the Plan Supplement, to enter into a new post-Effective Date lease (the "***New HQ Lease***") with AHQ on the following terms:

- Term - 3 years commencing on the Effective Date;
- Extension Terms - two additional one (1) year terms (for a total extension of 2 years). Each extension may be exercised by giving notice not later than 90 days before the end of the existing term;
- Premises - One half floor of the HQ Building (approximately 1,750 square meters) for the initial term as well as any subsequent terms;
- Rental Rate - Rental rate of approximately $1.50 per square foot per month for the first year increasing by 3% per annum thereafter for the remaining term including any extensions. In addition, there will be a 20% service charge (approximately $0.30 per square foot per month) and utility costs of approximately $0.75 per square foot per month;
- Payment Dates - Lease payments shall be due quarterly in advance, with the first quarterly lease payment due upon the Effective Date and subsequent quarterly payments due every 3 months thereafter; and
- Assignment - With the consent of AHQ, Reorganized Arcapita Bank shall be permitted to assign the New HQ Lease; notwithstanding the foregoing, no such consent shall be required in connection with an assignment to AIM.

The final terms and the treatment of the New HQ Lease will be filed in the Plan Supplement. Given the Management Services Agreement with AIM and the small number of employees that the Reorganized Arcapita Group will employ after the Effective Date, it is unlikely that the Reorganized Arcapita Group will exercise the option for the New HQ Lease unless it immediately assigns a portion of the premises to AIM.

9. Claims by and Against Certain Third-Party Investors

As discussed in Section I.B.8. hereof, the Cooperation Settlement Term Sheet reflects an agreement in principle between the Debtors and the Syndication Companies (and the Key Third-Party Investors). The agreement ensures the maximization of value of the Debtors' remaining portfolio assets through a coordinated marketing and sale effort that is supported by both the majority and minority owners of each investment. To achieve this cooperative result, the Debtors (together with the Committee) had to evaluate the requirement of the Syndication Companies, PVs and PNVs (and the Key Third-Party Investors) that Third-Party Investors in the

Syndication Companies, PVs and PNVs receive releases of all claims and causes of action against them (including Avoidance Actions). From the perspective of the Third-Party Investors, it was simply untenable to enter into a cooperation agreement with a party that potentially might commence litigation against them. After full evaluation of the potential litigation claims, the Debtors (with the Committee's consent) agreed to the settlement and release of various claims and rights of the Debtors, on the one hand, and the Syndication Companies, PVs, PNVs and the Third-Party Investors, on the other hand.

As described in Section I.B.8., the Cooperation Agreement provides numerous substantial benefits to the Debtors. More specifically, pursuant to the Cooperation Agreement the Syndication Companies, PVs and PNVs agree to:

- permit the Reorganized Arcapita Group, as minority investors in a large number of the portfolio investments, to retain an active voice in any determinations related to the marketing and sale of these investments through representation on the Dissolution Committees;

- be bound by certain pre-determined parameters related to the timing, marketing process and minimum sales price for certain portfolio investments that are determined to be "major investments";

- grant the Reorganized Arcapita Group, as minority investors, certain minority protections that are common in jointly held investments but are not presently included in the organizational documents of the Transaction Holdcos; and

- refrain from exercising any right to terminate the Management Agreements and Administration Agreements, and to continue to allow the Reorganized Arcapita Group to receive the payments described in those agreements.

While the Cooperation Agreement provides the same protections described above to the Syndication Companies, PVs and PNVs (and the Third-Party Investors) in situations where the Debtors hold a majority stake in a particular portfolio investment, such situations are less frequent. Accordingly, the Reorganized Debtors are the primary beneficiary of the minority protections set forth in the Cooperation Agreement. However, the Cooperation Agreement requires the Debtors to provide the following additional consideration to the Syndication Companies, PVs, PNVs and the Third-Party Investors, which consideration is effected primarily through the Plan:[38]

- A release of all claims by the Debtors (other than Falcon) against the Third-Party Investors, *provided*, *however*, that if a Third-Party Investor is also a Placement Bank, such Third-Party Investor will receive a release solely in its capacity as a holder of an interest in the Syndication Companies, the PVs, and/or the PNVs, as applicable;

[38] The description of Debtor releases set forth below is not intended to be a complete list of all releases incorporated in the Plan. Rather, the below description addresses only the releases that were provided as part and parcel of the consideration underlying the Cooperation Agreement. For further information regarding all of the releases incorporated into the Plan, see Section XII.B. hereof.

- A release of all claims by the Debtors (other than Falcon) against the AHQ Cayman I Investors;

- A release of all claims by the Debtors (other than Falcon) against the current and former officers, members of the board of directors, employees, managers (in their capacities as officers, members of the board of directors, employees or managers, as applicable), professionals, and agents (solely in their capacities as professionals, or agents, as applicable, for services rendered during the pendency of the Chapter 11 Cases) of the Syndication Companies, PVs, and the PNVs to the extent that such entities are Affiliates of the Debtors;

- A release of all claims by the Debtors (other than Falcon) against Holders of Interests in Arcapita Bank;

- A release of all claims by the Debtors (other than Falcon) against the CBB (including, without limitation, in its capacity as Creditor and regulator); and

- A release of Avoidance Actions by the Debtors (other than Falcon) against the aforementioned parties; the Debtors and their Affiliates; any of the Debtors' or their Affiliates' current and former officers, members of the board of directors, employees, managers (in their capacities as officers, members of the board directors, employees, or managers, as applicable), Professionals, professionals, and agents (solely in their capacities as Professionals, professionals, or agents, as applicable, for services rendered during the pendency of the Chapter 11 Cases); any Persons that have had funds on deposit with Arcapita Bank in a restricted investment account or an unrestricted investment account (other than Placement Banks or their Affiliates), Qatar Islamic Bank Q.S.C. (with respect to any payments received in connection with the Lusail Transaction only); and QInvest LLC (with respect to any payments received in connection with the Lusail Transaction only); provided that Qatar Islamic Bank Q.S.C. and QInvest LLC shall only receive such releases if both QIB and QInvest LLC provide all consents needed with respect to the assumption and assignment of the QRE Letter Agreement, the Lusail Lease, and the Lusail Option.

The settlements incorporated in the Cooperation Agreement, and effected through the Plan, are fair and reasonable given the significant benefits to be attained by the Debtors. As described further in the "Risk Factors" set forth in Section XVIII.D.3. hereof, the Debtors risk becoming passive investors in their portfolio absent the minority protections described above. In this scenario, the value of the Debtors' assets could decline dramatically and/or be subject to a minority discount upon a disposition. In addition, implementation of the Cooperation Agreement will ensure that the revenue streams arising from the Management Agreements and the Administration Agreements would not be terminated, and will provide certainty regarding the continuation of qualified management for the portfolio assets (through AIM). As discussed further in the "Risk Factors" set forth in Section XVIII.D.2. hereof, there is a risk that, absent the Cooperation Agreement, the Syndication Companies, PVs and PNVs could seek to terminate the

Administration Agreements, Management Agreements and Syndication Company Proxies. In such scenario, any arguments that the Debtors' Plan triggers a "change of control" under various financing and co-investment agreements would be enhanced. In addition, there is no certainty that current key personnel of the Debtors would agree to employment by the Reorganized entities, particularly as such employment would necessarily be for the short term in an enterprise with no future possibility of growth.

In light of the foregoing, the Debtors believe that it is reasonable and appropriate to provide the consideration described above (including the releases of Avoidance Actions, among other claims) as part and parcel of the overall settlement which is reflected in the Cooperation Agreement. The identities of the Third-Party Investors overlap, in a material fashion, with the identities of the Arcapita Bank equity owners, the Arcapita Bank depositors and the AHQ Cayman I Investors (among others), as persons who chose to invest with the Arcapita Group often diversified their investment throughout the entire capital structure of the Debtors and their Affiliates. Accordingly, it is appropriate to release these third-parties as consideration for the material concessions made by the Syndication Companies, PVs, PNVs and the Third-Party Investors that are reflected in the Cooperation Agreement. Moreover, the Debtors do not believe that the consideration provided in the form of releases is a particularly significant or valuable concession by the Debtors. The Debtors are not aware of any material, non-bankruptcy causes of action against these entities and, as described further below, the Debtors have extensively investigated any potential Avoidance Actions and believe that they have minimal (if any) value. Accordingly, the Debtors believe that the settlements incorporated in the Cooperation Agreement, and effected through the Plan, reflect a sound exercise of the Debtors' business judgment.

10. Value of Avoidance Actions

The Debtors and their professionals have identified and reviewed each of the potential causes of action arising under chapter 5 of the Bankruptcy Code as applied to the prepetition transfers of cash or other property identified in the Debtors' statements of financial affairs. The potential avoidance claims fall into two broad categories – fraudulent conveyances and preferences. With respect to potential fraudulent conveyance actions arising under section 548 of the Bankruptcy Code, the Debtors and their professionals have reviewed all prepetition transfers for the two-year period immediately prior to the Petition Date, and do not believe that there are any viable fraudulent conveyances that should be pursued. However, the Committee has indicated that, based upon its initial review and analysis, it believes there may be viable fraudulent conveyance claims against (i) the Arcsukuk Trustee arising from the prepetition grant of a guarantee by AIHL with respect to the Arcsukuk Facility (the "***Arcsukuk Guarantee***"); and (ii) the purchasers of interests in portfolio companies that the Debtors exited during the two years prior to the Chapter 11 Cases. Accordingly, the Plan preserves the right of the Debtors, or any party with standing, to pursue Avoidance Actions against the Arcsukuk Trustee and purchasers of interests in portfolio companies that the Debtors exited.

With respect to potential preference actions under section 547 of the Bankruptcy Code, the Debtors' statements of financial affairs disclose approximately $282.8 million of transfers that are potentially avoidable under section 547 of the Bankruptcy Code. Of these, approximately $35 million relate to transfers to the Placement Banks, as discussed below. The

remainder of such transfers include approximately: (i) $8.6 million of non-insider invoice related payments; (ii) $29.6 million made to non-insider investors from deal exits/distributions; (iii) $59.8 million made to non-insiders from Debtor sponsored murabahas; (iv) $50.9 million made from URIA accounts to insiders, their relatives and affiliates; (v) $12.5 million made to insiders and employees as payroll, incentive plans, and severance payments; and (vi) $47.4 million in payments credited to the URIA accounts of insiders, their relatives and affiliates. However, the transfers in this latter category (vi) do not qualify as preferences because they never left the Debtors' estates (*i.e.*, these funds are property of the estate).

To accurately estimate the amount of preferential transfers the Debtors would actually be able to recover, the Debtors and their professionals have reviewed and analyzed the various defenses available to the transferees in respect of these transfers, including: (a) section 547(c) of the Bankruptcy Code relating to ordinary course of business and the new value defenses; (b) the application of the presumption against extraterritoriality; (c) the "safe harbor" defense of section 546(e) of the Bankruptcy Code; (d) jurisdictional challenges; and (e) the practical difficulties of enforcing and collecting judgments (once entered) against transferees in foreign countries. The Debtors' analysis revealed that the application of the presumption against extraterritoriality alone would reduce the aggregate amount of recoverable preferences to a mere $4.8 million. This defense is most famously applied in the *In re Maxwell Commun. Corp. PLC* line of cases where the lower courts found that section 547 of the Bankruptcy Code did not (and was not intended by Congress to) apply to avoid preferential transfers made outside the borders of the United States. *See In re Maxwell Commun. Corp. PLC ("Maxwell 2"),* 186 B.R. 807, 816 (S.D.N.Y. 1995); *In re Maxwell Communication Corp. PLC ("Maxwell 1"),* 170 B.R. 800, 809 (Bankr. S.D.N.Y. 1994), *aff'd sub nom.*, *Maxwell 2*, 186 B.R. 807 (S.D.N.Y. 1995), *aff'd on comity grounds*, *In re Maxwell Commun. Corp. PLC ("Maxwell 3"),* 93 F.3d 1036 (2d Cir. 1996). Given that most of the potentially preferential transfers were made by the Debtors (i.e., foreign entities) to foreign transferees using foreign bank accounts, the Debtors' inability to rebut the presumption (once implicated) could operate as a bar to the avoidance of any of the preferential transfers. Because no court in the Second Circuit has issued an opinion specifically addressing the application of this defense to section 547 of the Bankruptcy Code since the *Maxwell* decisions (other than in non-binding dicta), the Debtors believe that they remain good law. However, the Committee believes that the facts of the foregoing cases regarding the presumption against extraterritoriality are distinguishable from those of the Chapter 11 Cases and, consequently, the rationale of those cases should not necessarily apply to the potential Avoidance Action defendants with foreign domiciles.

Even assuming that the extraterritoriality defense did not apply, the Debtors believe that the remaining defenses would provide the transferees with enough leverage to render the prosecution of the preference actions uneconomical. For example, the Debtors believe that there is a strong argument that the safe harbor of section 546(e) would apply to preclude the avoidance of any transfer out of a murabaha, deal exit/distribution, or URIA account. Section 546(e) of the Bankruptcy Code protects from avoidance, among other things, prepetition settlement payments and transfers in connection with securities contract made to or from a financial institution. Although there is no Second Circuit authority directly on point, the Debtors believe, given the recent trend in the Second Circuit to broadly construe the plain meaning of the language of section 546(e) of the Bankruptcy Code (e.g. in *Enron Creditors Recovery Corp. v. Alfa, S.A.B. de C.V.*, 651 F.3d 329, 334 (2d Cir. 2011) and *Official Comm. of Unsecured*

Creditors of Quebecor World (USA) Inc. v. Am. United Life Ins. Co. (In re Quebecor World (USA) Inc.), 480 B.R. 468, 479 (S.D.N.Y. 2012)), there is a substantial risk that the preferential transfers would fall within this defense based on the nature of the investment accounts and the types of securities in which the Debtors invest. Moreover, because a significant amount of investor funds held in URIA accounts became property of the estate on the Petition Date (for which the investors file proofs of claim or have been otherwise scheduled), a large number of preferential transfer recipients would likely be able to assert a set-off defense. Standing wire instructions that accompanied numerous investor accounts also would provide robust ordinary course of business defenses to many transferees. Also after careful review of the transfers in question, the Debtors do not believe that they evince the intent of an overzealous creditor attempt to collect on a debt. Indeed, as the Debtors' transfer recipients are largely foreign, it is not likely that any of these creditors considered an insolvency proceeding a significant risk to protect against. Finally, although section 547(f) of the Bankruptcy Code provides the Debtors a presumption of insolvency for the 90 days immediately prior to the Petition Date, the Debtors would bear the burden of proving that they were insolvent during the remainder of the one year period (*i.e.*, from the 91st to the 365th day).

After considering the merits of each of the defenses that would likely be asserted by potential preference defendants and the relative strengths thereof, the practical reality that a substantial portion of the potential defendants in the Avoidance Actions being released pursuant to the Plan are entities whose cooperation will be necessary to maximize the value of the investment portfolios for the benefit of creditors (*see* discussion of the Cooperation Agreement in Section VI.B.9. hereof), and the cost to pursue the Avoidance Actions being released pursuant to the Plan against defendants who reside in foreign jurisdictions that may not fully respect decisions of the Bankruptcy Court, the Debtors, with input from their professionals, have determined that it is more beneficial to release, rather than pursue, avoidance claims against certain parties. Thus, the Plan releases Avoidance Actions against the Debtors and their Affiliates, the Released Parties, any Persons that have had funds on deposit with Arcapita Bank in a restricted investment account or an unrestricted investment account (other than Placement Banks or their Affiliates), Qatar Islamic Bank Q.S.C. (with respect to any payments received in connection with the Lusail Transaction only), and QInvest LLC (with respect to any payments received in connection with the Lusail Transaction only) (provided that Qatar Islamic Bank Q.S.C. and QInvest LLC shall only receive such releases if both QIB and QInvest LLC provide all consents needed with respect to the assumption and assignment of the QRE Letter Agreement, the Lusail Lease, and the Lusail Option), but preserves the rights of the Reorganized Debtors to evaluate and pursue Avoidance Actions against any other party, including the Placement Banks, the Arcsukuk Trustee, and purchasers of interests in portfolio companies that the Debtors exited.

As discussed in greater detail in Section III.C.3.f. hereof, prior to the Petition Date, Arcapita Bank had placed deposits (Placements) with the Placement Banks and separately received deposits (Takings) from such Placement Banks. The Debtors believe that each of these deposits with the Placement Banks may be avoidable as preferences pursuant to section 547 of the Bankruptcy Code. For example, the Debtors' records reflect that Arcapita Bank's Placement of $20 million with Tadhamon Capital occurred less than 30 days before the Petition Date and, therefore, that Placement may not be set-off against any amounts owed by Arcapita Bank to Tadhamon Capital pursuant to section 553(a)(3) of the Bankruptcy Code and is avoidable as a

preference under section 547 of the Bankruptcy Code. Additionally, the Placement Banks' actions to withhold or set-off any Placements against Takings without the approval of the Bankruptcy Court may constitute a violation of the automatic stay. However, the Debtors acknowledge that jurisdictional hurdles and other obstacles may impede the prosecution and enforcement of avoidance actions or actions for violation of the automatic stay.[39]

Due to the uncertainty of recoveries relative to avoidance claims, the Plan Settlements do not take these claims into consideration in allocating value between the creditors of Arcapita Bank and AIHL; at the same time, recoveries from these claims will be assets of the Reorganized Arcapita Group to be shared by all Creditors in accordance with their treatment under the Plan.

11. Compromise of Senior Management Claims Through Senior Management Global Settlement

To avoid protracted litigation with the Committee that would have delayed the implementation of the Employee Programs and Global Settlement discussed above, six members of Arcapita Group's senior management (each, a "***Senior Manager***", and collectively, "***Senior Management***") agreed not to participate in the Global Settlement and instead agreed to propose a separate settlement after further progress in the Chapter 11 Cases had been made. After progress made by Senior Management in stabilizing the operations of the Arcapita Group and developing a business plan and exit strategy from the Chapter 11 Cases, the Debtors formulated a program to provide Senior Management with a settlement applying similar economics offered to the Employees covered by Global Settlement, but with eligibility and participation conditioned upon the achievement of a specific milestone. On September 18, 2012, the Debtors filed a motion requesting Bankruptcy Court approval of the Senior Management Global Settlement [Docket No. 487].

Like the Employees participating in the Global Settlement, Senior Management also participated in the IIP and IPP programs. Therefore, like the Global Settlement, the Senior Management Global Settlement provided that Senior Management could satisfy outstanding obligations to the Arcapita Group under the IPP or IIP (as applicable) through exchanging unpaid Investment Shares for a release of their outstanding obligations under the program and an agreement that, if terminated without cause, any future contractual or statutory rights to notice and severance payments would be capped at four month's salary. However, unlike the original Global Settlement, participation in the Senior Management Global Settlement is conditioned on the achievement of a chapter 11 milestone that properly aligns Senior Management's incentives with those of other stakeholders of the Debtors: the filing of an Eligible Plan with the Bankruptcy Court by a specified date (the "***Plan Milestone***"). The Senior Management Global Settlement also provided that Senior Management would be entitled to participate in the Global Settlement in the event that either (i) on or before the Plane Milestone date, and unless upon the request of the Debtors, the Chapter 11 Cases were converted to chapter 7 proceedings, or (ii) the

[39] The Debtors have agreed that they will not oppose any attempt by the Committee to obtain standing to pursue any Avoidance Actions against the Placement Banks (other than in the Placement Banks' capacities as investors in the Syndication Companies, the PVs, and the PNVs).

winding-up petition and provisional liquidation in the Cayman Proceeding was converted to a full liquidation and winding-up, unless initiated by the Debtors.

An ***Eligible Plan*** is defined as one of the following: (i) a chapter 11 plan premised on the Business Plan, (ii) a chapter 11 plan premised on the Going Concern Business Plan, or (3) a chapter 11 plan that "toggles" from (a) the Going Concern Business Plan to (b) the Business Plan in the event that the new equity investment is not achieved. The Plan is premised on the Business Plan and, therefore, is an Eligible Plan. Pursuant to the motions approved by the Exclusivity Extension Orders, the date of the Plan Milestone was modified by the Debtors to be February 8, 2013. The Plan Milestone was satisfied by the filing of the *Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors under Chapter 11 of the Bankruptcy Code,* dated February 8, 2013 [Docket No. 826].

Pursuant to an agreement between the Committee, the Debtors and Senior Management, the Debtors adjourned the hearing on the Debtors' motion to approve the Senior Management Global Settlement and, as provided in section 1123(b)(3) of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules, have incorporated the Senior Management Global Settlement into the Senior Management Global Settlement Term Sheet attached hereto as Exhibit J. Pursuant to the Cooperation Agreement and the Senior Management Global Settlement, the Senior Managers shall release all severance, bonus and other employment-related claims against the Arcapita Group, including claims related to the termination of any employment contracts; provided, however, that each of the Senior Managers shall retain any rights to indemnification from the Arcapita Group, and certain Senior Managers shall retain their Claims as depositors or investors with Arcapita Bank, which Claims will receive treatment pursuant to the Plan (to the extent allowed). Pursuant to the Cooperation Agreement and the Senior Management Global Settlement, certain separation obligations otherwise due to the Senior Managers will be assumed by AIM.

Ignoring the impact of the Cooperation Settlement Term Sheet, the Senior Management Global Settlement is a fair and reasonable settlement. The hard work and dedication of Senior Management has been crucial to the progress made in the Chapter 11 Cases. The Senior Management Global Settlement provides a reasonable compromise that avoids highly uncertain and burdensome litigation while providing measurable benefits to the Debtors' estates, in the form of returned Investment Shares, waived claims and additional cost savings. Implementation of the Senior Management Global Settlement reflects a sound exercise of the Debtors' business judgment. The Cooperation Settlement Term Sheet makes the judgment about the fairness and reasonableness of the settlement even more clear. Under the Cooperation Settlement Term Sheet, AIM has agreed to assume the severance obligations in respect of the six members of Senior Management.

VII. SUMMARY OF THE PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN THAT ACCOMPANIES THIS DISCLOSURE

STATEMENT, TO THE EXHIBITS ATTACHED HERETO AND THERETO, AND THE DOCUMENTS FILED IN THE PLAN SUPPLEMENT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS, THE REORGANIZED DEBTORS, AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICTS BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL. IN THE EVENT OF ANY CONFLICTS BETWEEN THE CONFIRMATION ORDER AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE CONFIRMATION ORDER WILL CONTROL.

The Plan described herein provides for the restructuring of the Debtors' liabilities in a manner designed to maximize recoveries to Holders of Claims against and Interests in the Debtors.

The terms of the Plan are based upon, among other things, the Debtors' assessment of their ability to achieve the goals of their business plan, make the Distributions contemplated under the Plan, and pay their continuing obligations in the ordinary course of their businesses. Under the Plan, the Claims against and Interests in the Debtors are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated, (i) the Claims and Interests in certain Classes will be Reinstated or modified and receive Distributions equal to the full amount of such Claims or Interests, (ii) the Claims or Interests in certain other Classes will be modified and receive Distributions constituting a partial recovery on such Claims or Interests, and (iii) the Claims and Interests in certain other Classes will receive no recovery on such Claims or Interests. On the Distribution Date and at certain times thereafter, the Disbursing Agent will make or cause to be made the Distributions as provided in the Plan. The Classes of Claims and Interests established by the Plan, the treatment of those Classes under the Plan, and various other aspects of the Plan are described below.

A. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides the Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Expense Claims, DIP Facility Claims and Priority Tax Claims, which, pursuant to section 1123(a)(1) of the Bankruptcy Code are not required to be classified). The Debtors also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors intend, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, to make such reasonable modifications of the classifications under the Plan as are necessary to permit Confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated amount of such Claim and, accordingly, the total Allowed Claims with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property that ultimately will be received by a particular Holder of an Allowed Claim under the Plan may be adversely (or favorably) affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of the Claims and Interests and the nature of the Distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Debtors' assets. In view of the deemed rejection by Classes 10(a) and 10(g), however, as set forth below, the Debtors will seek Confirmation of the Plan over the deemed rejection of such Classes, and over the rejection of any voting Class, pursuant to the "cram down" provisions of the Bankruptcy Code. Specifically, section 1129(b) of the Bankruptcy Code permits confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all impaired classes of claims and interests. *See* Section XVII.B.4. hereof. Although the Debtors believe that the Plan can be confirmed under section 1129(b) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

B. TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL COMPENSATION CLAIMS, PRIORITY TAX CLAIMS, AND DIP FACILITY CLAIMS AGAINST THE DEBTORS

1. Administrative Expense Claims

On the later of (i) the Effective Date or (ii) if an Administrative Expense Claim is not Allowed as of the Effective Date, 30 days after the date on which such Administrative Expense Claim becomes Allowed, the Debtors or the Reorganized Debtors, as applicable, shall either (a) pay to each Holder of an Allowed Administrative Expense Claim, in Cash, the full amount of such Allowed Administrative Expense Claim, or (b) satisfy and discharge such Allowed Administrative Expense Claim in accordance with such other terms that the Debtors (or the Reorganized Debtors, as applicable) and such Holder shall have agreed upon; *provided*, *however*, that such agreed-upon treatment shall not be more favorable than the treatment provided in clause (a). Other than with respect to Professional Compensation Claims and Cure Claims, any Person asserting an Administrative Expense Claim must submit a proof of claim with respect to such Administrative Expense Claim to the Balloting and Claims Agent **so that it is actually received** on or before the Administrative Expense Claims Bar Date.

Notwithstanding anything to the contrary set forth herein, any Administrative Expense Claims that are also Intercompany Claims held by Arcapita Bank, AIHL, or Arcapita LT Holdings Limited against any of (i) Arcapita Bank, (ii), AIHL, or (iii) Arcapita LT Holdings Limited, shall be released and discharged on the Effective Date.

The SCB Term Sheet attached hereto as Exhibit G provides that certain Allowed Administrative Expense Claims held by SCB may be converted into obligations under the New SCB Facility in lieu of Cash payment pursuant to the Plan. However, this treatment will only be implemented with SCB's consent. Accordingly, any Allowed Administrative Expense Claims held by SCB will be paid in full in Cash on the Effective Date unless otherwise agreed by SCB.

2. Professional Compensation Claims

Notwithstanding any other provision of the Plan dealing with Administrative Expense Claims, any Person asserting a Professional Compensation Claim shall, no later than the Effective Date, provide the Debtors with a summary of the compensation for services rendered and expense reimbursement that such Person will seek to be allowed as Professional Compensation Claim (which summary shall include, without limitation, a good faith estimate of accrued but unbilled fees and expenses through the Effective Date), and shall, no later than 30 days after the Effective Date, file a final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date. To the extent that such an application is granted by the Bankruptcy Court, the requesting Person shall receive: (i) payment of Cash from the Professional Compensation Claims Escrow Account in an amount equal to the amount Allowed by the Bankruptcy Court less all interim compensation paid to such Professional during the Chapter 11 Cases, such payment to be made before the later of (a) the Effective Date or (b) three Business Days after the order granting such Person's final fee application becomes a Final Order; or (ii) payment on such other terms as may be mutually agreed upon by the Holder of the Professional Compensation Claim and the Reorganized

Debtors (but in no event shall the payment exceed the amount Allowed by the Bankruptcy Court less all interim compensation paid to such Professional during the Chapter 11 Cases). All Professional Compensation Claims for services rendered after the Effective Date shall be paid by the Reorganized Debtors upon receipt of an invoice therefor, or on such other terms as the Reorganized Debtors and the Professional may agree, without the requirement of any order of the Bankruptcy Court.

On the Effective Date, the Debtors shall establish and fund the Professional Compensation Claims Escrow Account in an amount sufficient to pay, in full, any then unpaid fees and expenses (including, without limitation, any estimated, accrued but unbilled fees and expenses through the Effective Date) owed to any Person asserting a Professional Compensation Claim. Amounts held in the Professional Compensation Claims Escrow Account shall not constitute property of the Debtors or the Reorganized Debtors and shall only be distributed in accordance with Section 2.2 of the Plan. In the event there is a remaining balance in the Professional Compensation Claims Escrow Account following payment of all Professional Compensation Claims in accordance with the preceding paragraph, such remaining amount, if any, shall be paid to New Arcapita Topco.

3. Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge thereof, each Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code, or, at the Debtors' election, upon notice to the Holder of an Allowed Priority Tax Claim no later than five days before the Plan Objection Deadline, in accordance with the terms set forth in section 1129(a)(9)(A) or 1129(a)(9)(B) of the Bankruptcy Code.

4. DIP Facility Claims

Notwithstanding any other provision of the Plan dealing with Administrative Expense Claims or Secured Claims to the contrary, Holders of DIP Facility Claims shall, in full and final satisfaction, settlement, release, and discharge of their DIP Facility Claims and in accordance with the New Facility Distribution Procedures, be paid the full amount of each such Holder's outstanding DIP Facility Claims in full in Cash on the Effective Date and the DIP Facility shall terminate and be of no further force or effect other than those provisions therein that by their terms expressly survive termination.

5. U.S. Trustee Fees

Any accrued but unpaid U.S. Trustee Fees incurred prior to the Effective Date shall be paid on the Effective Date. Until each of the Chapter 11 Cases is closed by entry of a final decree of the Bankruptcy Court, any additional U.S. Trustee Fees shall be paid by the applicable Reorganized Debtor in accordance with the schedule for the payment of such fees.

6. Ad Hoc Group Fees

The Debtors and the Committee recognize that the Ad Hoc Group has contributed substantially to these Chapter 11 Cases, including through the formulation, development and completion of the Plan and the Cooperation Settlement Term Sheet and in garnering the support of AIHL creditors for the Plan. Accordingly, the Debtors and the Committee agree that, on the Effective Date, New Arcapita Topco shall pay in Cash the Ad Hoc Group Fees, without the need for the Ad Hoc Group to file fee applications with the Bankruptcy Court; *provided*, *however*, that (i) the Ad Hoc Group shall provide the Debtors and the Committee with the invoices for which it seeks payment at least ten (10) days prior to the Effective Date, and (ii) the Debtors and the Committee do not object to the reasonableness of the Ad Hoc Group Fees; *provided further*, *however*, that notwithstanding the foregoing, New Arcapita Topco shall not be required to pay any Ad Hoc Group Fees unless the Ad Hoc Group supports the Plan. To the extent that the Debtors or the Committee object to the reasonableness of any portion of the Ad Hoc Group Fees, New Arcapita Topco shall not be required to pay such disputed portion until either such objection is resolved or a further order of the Bankruptcy Court is entered providing for payment of such disputed portion.

C. CLASSIFICATION AND TREATMENT OF CLAIMS AGAINST AND INTERESTS IN DEBTORS

1. Summary

Pursuant to section 1122 of the Bankruptcy Code, the Plan designates Classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class for the purposes of voting on the Plan and receiving Distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been paid, released, withdrawn, or otherwise settled prior to the Effective Date. The fact that a particular Class of Claims is designated for a Debtor does not necessarily mean there are any Allowed Claims in such Class against such Debtor. The Plan constitutes a separate chapter 11 Subplan for each of the Debtors.

2. Classification of Claims and Interests

The classification of Claims and Interests against the Debtors pursuant to the Plan is as set forth in Section II.A. hereof (*see* Article III of the Plan). In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8), respectively, of the Bankruptcy Code have not been classified and their treatment is set forth in Article II of the Plan (*see* Section VII.B. hereof).

3. Effect of Non-Voting; Modifications

At the Confirmation Hearing, the Debtors will seek a ruling that if no Holder of a Claim or Interest eligible to vote in a particular Class timely votes to accept or reject the Plan, the Plan will be deemed accepted by the Holders of such Claims or Interests in such Class for the purposes of section 1129(b) of the Bankruptcy Code. Subject to section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors reserve the right to modify the Plan to the extent

that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, *provided*, such modifications are consistent with Section 12.5 of the Plan (*see* Section XV.F. hereof).

4. Classification and Treatment of Claims and Interests

To the extent a Class contains Allowed Claims or Allowed Interests with respect to the Debtors, the treatment provided to each Class for distribution purposes is specified below:

a. Treatment of Classes 1(a)-(g): Other Priority Claims

1. Impairment and Voting. Classes 1(a)-(g) are Unimpaired by the Plan. Each Holder of an Allowed Other Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. Treatment. On the Distribution Date, each Holder of an Allowed Other Priority Claim as of the Distribution Record Date shall receive in full satisfaction, release, and discharge of and in exchange for such Claim: (i) payment of Cash in an amount equal to the unpaid portion of such Allowed Other Priority Claim; or (ii) such other treatment that the Debtors and such Holder shall have agreed upon in writing; provided, however, that such agreed-upon treatment shall not be more favorable than the treatment provided in clause (i).

b. Treatment of Classes 2(a)-(f): SCB Claims

1. Impairment and Voting. Classes 2(a)-(f) are Impaired by the Plan. SCB, as the Holder of the Allowed SCB Claims as of the Record Date is entitled to vote to accept or reject the Plan.

2. Treatment. On the Effective Date, SCB, as the Holder of the SCB Claims as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such SCB Claims and in accordance with the New Facility Distribution Procedures, receive the New SCB Facility Obligations. It is a condition precedent to the receipt of the New SCB Facility Obligations that SCB, as the Holder of the Allowed SCB Claims, comply with the New Facility Distribution Procedures.

c. Treatment of Classes 3(a)-(g): Other Secured Claims

1. Impairment and Voting. Classes 3(a)-(g) are Unimpaired by the Plan. Each Holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. Treatment. Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, each Allowed Other Secured Claim shall be Reinstated or otherwise rendered Unimpaired as of the Effective Date.

d. Treatment of Classes 4(a)-(b): Syndicated Facility Claims and Arcsukuk Claims

1. Impairment and Voting. Classes 4(a)-(b) are Impaired by the Plan. Each Holder of an Allowed Syndicated Facility Claim or an Allowed Arcsukuk Claim as of the Record Date is entitled to vote to accept or reject the Plan.

2. Treatment. Each Holder of an Allowed Syndicated Facility Claim or an Allowed Arcsukuk Claim as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such Holder's Syndicated Facility Claim or Arcsukuk Claim and in accordance with the New Unsecured Claim Distribution Procedures, receive (i) on account of its Allowed Class 4(a) Syndicated Facility Claim or Allowed Class 4(a) Arcsukuk Claim, its Pro Rata Share of the Bank Syndicated Facility/Arcsukuk Consideration, (ii) on account of its Allowed Class 4(b) Syndicated Facility Claim or Allowed Class 4(b) Arcsukuk Claim, its Pro Rata Share of the AIHL Syndicated Facility/Arcsukuk Consideration, and (iii) with respect to any such Holder whose Class 4(b) Syndicated Facility Claim or Class 4(b) Arcsukuk Claim has been Disallowed in whole or in part, its Pro Rata Share of the Contingent Class 4(a) Consideration; *provided*, *however*, that if any Holder of an Allowed Syndicated Facility Claim or an Allowed Arcsukuk Claim entitled to receive such consideration is a Non-Eligible Claimant, any Bank Syndicated Facility/Arcsukuk Consideration, AIHL Syndicated Facility/Arcsukuk Consideration, and Contingent Class 4(a) Consideration distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Syndicated Facility Claim or Allowed Arcsukuk Claim must, as a condition precedent to the receipt of the Bank Syndicated Facility/Arcsukuk Consideration, AIHL Syndicated Facility/Arcsukuk Consideration, and Contingent Class 4(a) Consideration (or the proceeds thereof), comply with the New Unsecured Claim Distribution Procedures.

e. Treatment of Classes 5(a)-(g): General Unsecured Claims

1. Impairment and Voting.

i. Classes 5(a)-(b). Classes 5(a)-(b) are Impaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Classes 5(a)-(b) as of the Record Date is entitled to vote to accept or reject the Plan.

ii. Classes 5(c)-(f). Classes 5(c)-(f) are Unimpaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Classes 5(c)-(f) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

iii. Class 5(g). Class 5(g) is Impaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Class 5(g) as of the Record Date is entitled to vote to accept or reject the Plan.

2. Treatment.

i. Class 5(a). Each Holder of an Allowed General Unsecured Claim in Class 5(a) as of the Distribution Record Date shall receive, subject to the Convenience Class Election, in full satisfaction, release, and discharge of and in exchange for such Holder's Class 5(a) General Unsecured Claim and in accordance with the New Unsecured Claim Distribution Procedures, its Pro Rata Share of the Class 5(a) Consideration; *provided*, *however*, that if any Holder of an Allowed General Unsecured Claim in Class 5(a) entitled to receive such Class 5(a) Consideration is a Non-Eligible Claimant, the Class 5(a) Consideration distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Class 5(a) General Unsecured Claim must, as a condition precedent to the receipt of the Class 5(a) Consideration (or the proceeds thereof), comply with the New Unsecured Claim Distribution Procedures. Notwithstanding the foregoing, each Holder of an Allowed Class 5(a) General Unsecured Claim shall be entitled, by exercise of the election set forth on the Ballot with respect to such Class 5(a) General Unsecured Claim, to make the Convenience Class Election with respect to all of such Holder's Allowed Class 5(a) General Unsecured Claims. Making the Convenience Class Election is voluntary. By making the Convenience Class Election for any Allowed Class 5(a) General Unsecured Claim, such Holder will be deemed to have made such Election with respect to all of such Holder's Allowed Class 5(a) General Unsecured Claims and to have agreed to reduce the amount of its aggregate Allowed Class 5(a) General Unsecured Claims to the lesser of (i) the aggregate amount of such claims or (ii) $25,000, which reduced claim shall be the Holder's Allowed Class 6(a) Convenience Claim. Making the Convenience Class Election shall constitute a Class 6(a) vote to accept the Plan and shall constitute the Holder's agreement to waive Class 5(a) treatment; instead such Holder shall be deemed to have an Allowed Class 6(a) Convenience Claim and receive the treatment specified for Class 6(a) Convenience Claims below.

ii. Class 5(b). Each Holder of an Allowed General Unsecured Claim in Class 5(b) as of the Distribution Record Date shall receive, in full satisfaction, release, and discharge of and in exchange for such Holder's Class 5(b) General Unsecured Claim and in accordance with the New Unsecured Claim Distribution Procedures, its Pro Rata Share of the Class 5(b) Consideration; *provided*, *however*, that if any Holder of an Allowed General Unsecured Claim in Class 5(b) entitled to receive such Class 5(b) Consideration is a Non-Eligible Claimant, the Class 5(b) Consideration distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Class 5(b) General Unsecured Claim must, as a condition precedent to the receipt of the Class 5(b) Consideration, (or the proceeds thereof) comply with the New Unsecured Claim Distribution Procedures..

iii. Classes 5(c)-(f). Except to the extent that a Holder of an Allowed General Unsecured Claim in Classes 5(c)-(f) agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed General Unsecured Claim in Classes 5(c)-(f) shall, in the discretion of the applicable Debtor, be Reinstated, paid in full, or otherwise rendered Unimpaired and the applicable Reorganized Debtors shall remain liable for each such Allowed General Unsecured Claim until paid in full. Without limiting the generality of the foregoing, if an Allowed General Unsecured Claim in Classes 5(c)-(f) arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business, or (ii) pursuant to an Executory Contract or Unexpired Lease, the Holder of such Allowed General Unsecured Claim shall be paid in Cash by the applicable Debtor (or, after the Effective Date, by the applicable Reorganized Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such Allowed General Unsecured Claim. The Debtors and the Reorganized Debtors, as applicable, reserve their rights to dispute in the Bankruptcy Court or any other court with jurisdiction the validity or amount of any General Unsecured Claim at any time prior to or after the Claims Objection Bar Date.

iv. Class 5(g). Each Holder of an Allowed General Unsecured Claim in Class 5(g) as of the Distribution Record Date shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate Allowed Claims in Class 5(g), by (ii) the aggregate Allowed Claims in Classes 5(g) and 7(g).

f. Treatment of Classes 6(a): Convenience Claims

1. Impairment and Voting. Class 6(a) is Impaired by the Plan. Class 6(a) is an elective class for those making the Convenience Class Election, and, as a condition to such Election, each Holder of an Allowed Convenience Claim in Class 6(a) as of the Record Date is deemed to have accepted the Plan.

2. Treatment. On the Distribution Date, each Holder of an Allowed Convenience Claim in Class 6(a) as of the Distribution Record Date shall receive, in full satisfaction, release, and discharge of and in exchange for all Allowed Class 5(a) General Unsecured Claims held by such Holder and in accordance with the New Unsecured Claim Distribution Procedures, Cash equal to 50% of its Allowed Convenience Claim; *provided*, *however*, that each Holder of an Allowed Convenience Claim must, as a condition precedent to the receipt of the foregoing Cash consideration, comply with the New Unsecured Claim Distribution Procedures; *provided further*, *however*, that the aggregate Cash consideration payable to Holders of Allowed Convenience Claims shall not exceed $9,700,000 and the Cash consideration payable to each Holder of an Allowed Convenience Claim shall be reduced proportionately to the extent aggregate payments would otherwise exceed such amount. The Convenience Class Election shall only be effective if the Effective Date occurs.

g. Treatment of Classes 7(a)-(g): Intercompany Claims

1. Impairment and Voting.

i. Classes 7(a)-(b). Classes 7(a)-(b) are Impaired by the Plan. Each Holder of an Allowed Intercompany Claim in Classes 7(a)-(b) as of the Record Date is entitled to vote to accept or reject the Plan.

ii. Classes 7(c)-(f). Classes 7(c)-(f) are Unimpaired by the Plan. Each Holder of an Allowed Intercompany Claim in Classes 7(c)-(f) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

iii. Class 7(g). Class 7(g) is Impaired by the Plan. Each Holder of an Allowed Intercompany Claim in Class 7(g) as of the Record Date is entitled to vote to accept or reject the Plan.

2. Treatment.

i. Classes 7(a)-(b). Each Holder of an Allowed Intercompany Claim in Classes 7(a)-(b) as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such Holder's Intercompany Claim, receive USD $100.00 in Cash on the Effective Date.

ii. Classes 7(c)-(f). Intercompany Claims in Classes 7(c)-(f) will be Reinstated as of the Effective Date, except as provided in the Implementation Memorandum.

iii. Class 7(g). Each Holder of an Allowed Intercompany Claim in Class 7(g) as of the Distribution Record Date shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate Allowed Claims in Class 7(g), by (ii) the aggregate Allowed Claims in Classes 5(g) and 7(g).

h. Treatment of Classes 8(a) and 8(g): Subordinated Claims

1. Impairment and Voting. Classes 8(a) and 8(g) are Impaired by the Plan. Each Holder of an Allowed Subordinated Claim in Classes 8(a) and 8(g) as of the Record Date is entitled to vote to accept or reject the Plan.

2. Treatment.

i. Class 8(a). Each Holder of an Allowed Subordinated Claim in Class 8(a) as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such Holder's Subordinated Claim, receive its Pro Rata Share of the Subordinated Claim Warrants; *provided*, *however*, that if any Holder of an Allowed Subordinated Claim in Class 8(a) entitled to receive such Subordinated Claim Warrants is a Non-Eligible Claimant,

the Subordinated Claim Warrants distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution; *provided further*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired, or (ii) the Holders of a majority of Shares in Arcapita Bank do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended, provided that the Committee waives the condition precedent to the Effective Date of the Plan requiring a majority of Arcapita Bank Shares be transferred, to provide that Holders of Allowed Subordinated Claims in Class 8(a) shall not receive any Distributions or retain any property on account of such Claims. Each Holder of an Allowed Class 8(a) Subordinated Claim must, as a condition precedent to the receipt of the Subordinated Claim Warrants, (or the proceeds thereof) comply with the New Unsecured Claim Distribution Procedures.

ii. Class 8(g). Holders of Allowed Subordinated Claims in Class 8(g) shall not receive any Distributions on account of such Claims unless and until all Holders of Allowed Claims in Classes 1(g), 3(g), 5(g), and 7(g) are satisfied in full, in which case each Holder of an Allowed Subordinated Claim in Class 8(g) as of the Distribution Record Date shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate amount of Allowed Class 8(g) Subordinated Claims, by (ii) the aggregate amount of Allowed Class 8(g) Subordinated Claims plus $70,000,000.

i. Treatment of Classes 9(a)-(g): Interests

1. Impairment and Voting.

i. Class 9(a). Class 9(a) is Unimpaired by the Plan. Each Holder of an Interest in Class 9(a) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan; *provided*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired, or (ii) the Holders of a majority of Shares in Arcapita Bank do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended as set forth in Section 4.9.2.1 of the Plan, in which case each Interest in Class 9(a) shall be Impaired and each Holder of an Interest in Class 9(a) shall be deemed to have rejected the Plan and will not be entitled to vote to accept or reject the Plan.

ii. Classes 9(b)-(f). Classes 9(b)-(f) are Unimpaired by the Plan. Each Holder of an Interest in Classes 9(b)-(f) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

iii. Class 9(g). Class 9(g) is Impaired by the Plan. Each Holder of an Interest in Class 9(g) as of the Record Date is entitled to vote to accept or reject the Plan.

2. Treatment.

i. Class 9(a). Interests in Class 9(a) shall be Reinstated and, subject to compliance with the Warrant Distribution Conditions, each Holder of a Share in Arcapita Bank that agrees to be a Transferring Shareholder shall be entitled to receive, in exchange for transferring all Shares in Arcapita Bank held by such Holder to New Arcapita Bank Holdco prior to the Effective Date, a Pro Rata Share of the Transferring Shareholder Warrants; *provided*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired, or (ii) the Holders of a majority of Shares in Arcapita Bank do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended, provided that the Committee waives the condition precedent to the Effective Date of the Plan requiring a majority of Arcapita Bank Shares be transferred, to provide that Interests in Class 9(a) are Impaired, in which case all Interests in Class 9(a) shall be cancelled and all rights and interests therein shall be terminated as of the Effective Date and new Shares in Arcapita Bank shall be issued to New Arcapita Bank Holdco in accordance with the Implementation Memorandum and the New Arcapita Shareholder Warrants shall not be issued.

ii. Classes 9(b)-(f). To preserve the Debtors' corporate structure for the benefit of the Holders of Syndicated Facility Claims, SCB Claims, Arcsukuk Claims, and General Unsecured Claims, the Interests in each of Classes 9(b)-(f) shall be Reinstated. Shares in Arcapita LT Holdings Limited shall be transferred to New Arcapita Holdco 2, as provided in the Implementation Memorandum.

iii. Class 9(g). Holders of Interests in Class 9(g) shall not receive any Distributions on account of such Interests unless and until all Holders of Allowed Claims in Classes 1(g), 3(g), 5(g), and 7(g) are satisfied in full, in which case each Holder of an Interest in Class 9(g) as of the applicable quarterly distribution date as set forth in Section 8.3.5 of the Plan shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) $70,000,000 by (ii) the aggregate amount of Allowed Class 8(g) Subordinated Claims plus $70,000,000.

j. Treatment of Classes 10(a) and 10(g): Super-Subordinated Claims

1. Impairment and Voting. Classes 10(a) and 10(g) are Impaired by the Plan. Each Holder of a Claim in Classes 10(a) and 10(g) is deemed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

2. Treatment. Holders of Allowed Claims in Classes 10(a) and 10(g) shall not receive any Distributions or retain any property on account of such Claims.

VIII. PROVISIONS REGARDING VOTING, EFFECT OF REJECTION BY IMPAIRED CLASSES, AND CONSEQUENCES OF NON-CONFIRMABILITY

A. VOTING RIGHTS

Each Holder of an Allowed Claim or Interest as of the Record Date in an Impaired Class of Claims or Interests that is not deemed to have rejected the Plan, shall be entitled to vote to accept or reject the Plan as provided in the Disclosure Statement Approval Order.

B. ACCEPTANCE REQUIREMENTS

An Impaired Class of Claims shall have accepted the Plan if votes to accept the Plan have been cast by at least two-thirds in amount and more than one-half in number of the Allowed Claims in such Class that have voted on the Plan. An Impaired Class of Interests shall have accepted the Plan if votes to accept the Plan have been cast by at least two-thirds in amount of the Allowed Interests in such Class that have voted on the Plan.

C. CRAM DOWN

If all applicable requirements for Confirmation of any Subplan are met as set forth in section 1129(a) of the Bankruptcy Code, except subsection (8) thereof, the Plan shall be treated as a request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of subsection 1129(a)(8) of the Bankruptcy Code, on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims and Interests that is Impaired under, and has not accepted, the Plan or any Subplan incorporated therein. If the Debtors determine that the Plan cannot be confirmed under section 1129(b) of the Bankruptcy Code without eliminating the distribution to any junior Class or Classes, the Plan may, in the Debtors' sole discretion, be modified to eliminate such distribution, the Class or Classes as to which distributions are eliminated shall be deemed to be a rejecting Class or Classes, and the Plan may be treated as a request that the Bankruptcy Court confirm the Plan, as so modified, in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of section 1129(a)(8) of the Bankruptcy Code, on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims and Interests that is Impaired under, and has not accepted, the Plan.

D. TABULATION OF VOTES

The Debtors shall tabulate all votes by Class on a non-consolidated basis. If no Impaired Classes accept the Plan, or any Debtor's Subplan incorporated therein, the Debtors may modify the Plan, or such Subplan, to appropriately address the rights of the Holders of Allowed Claims.

E. NON-CONFIRMABILITY

If the Plan, or any Debtor's Subplan incorporated therein, has not been accepted by the Classes of Claims and Interests entitled to vote with respect thereto in accordance with Section 5.2 of the Plan, and the Debtors determine that the Plan, or such Subplan, cannot be confirmed under section 1129(b) of the Bankruptcy Code, or if the Bankruptcy Court, upon consideration, declines to approve Confirmation of the Plan, or such Subplan, the Debtors may seek to (i) propose a new plan or plans of reorganization for the Debtors or for the Debtor that is the subject of such Subplan, (ii) amend the current Plan or any Subplan incorporated therein to satisfy any and all objections, (iii) withdraw the Plan or the relevant Subplan, or (iv) convert or dismiss the Chapter 11 Cases or any thereof.

IX. MEANS FOR IMPLEMENTATION OF THE PLAN AND POSTPETITION GOVERNANCE OF REORGANIZED DEBTORS

A. PLAN SETTLEMENT

As discussed in detail herein and as otherwise provided in the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates a proposed compromise and settlement of numerous inter-Debtor, Debtor-Creditor, inter-Creditor, and Debtor-investor issues designed to achieve an economic settlement of Claims against all of the Debtors and an efficient resolution of the Chapter 11 Cases. The Plan Settlements are described in Section VI.B. above. In consideration for the classification of Claims and Interests, Distribution, releases, and other benefits provided under the Plan, upon the Effective Date, the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, and disputes dealt with therein. Subject to Article VIII of the Plan, all Distributions made to Holders of Allowed Claims and Interests in any Class are intended to be and shall be final.

B. SOURCES OF CONSIDERATION FOR PLAN DISTRIBUTIONS

1. Debtors' Available Cash

Cash will be available from the Debtors' operations, from the liquidation of the Debtors' assets, and from the proceeds of the Exit Facility. DIP Facility Claims shall be paid in Cash pursuant to Section 2.4 of the Plan.

2. Exit Facility

On the Effective Date, the Exit Facility Obligors[40] shall enter into the Exit Facility with the Exit Facility Agent. Confirmation of the Plan shall be deemed approval of the Exit Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Exit Facility Obligors in connection therewith) and authorization and direction for the Exit Facility Obligors to enter into and execute the Exit Facility, subject to such modifications as they may deem to be reasonably necessary to consummate their entry into the Exit Facility.

[40] Falcon will not be an Exit Facility Obligor.

3. New SCB Facility

On the Effective Date, the New SCB Facility Obligors[41] shall enter into the New SCB Facility (to the extent the SCB Facility is not taken out). Confirmation shall be deemed approval of such New SCB Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the New SCB Facility Obligors in connection therewith) and authorization and direction for the New SCB Facility Obligors to enter into and execute all instruments, documents and agreements in connection therewith, subject to such modification as may be necessary to consummate their entry into the New SCB Facility.

4. Sukuk Facility; Issuance of Sukuk Obligations

On the Effective Date, the Sukuk Facility Obligors[42] shall enter into the Sukuk Facility. Confirmation shall be deemed approval of such Sukuk Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Sukuk Facility Obligors in connection therewith) and authorization and direction for the Sukuk Facility Obligors to enter into and execute all instruments, documents and agreements in connection therewith, subject to such modification as may be necessary to consummate their entry into the Sukuk Facility.

The Sukuk Obligations shall be issued as provided in Articles IV, VII, and VIII of the Plan, the Implementation Memorandum, and the Sukuk Facility, as applicable. Each Distribution and issuance referred to in Article VIII of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such Distribution or issuance and by the terms and conditions of the applicable instruments, which terms and conditions shall bind each Person receiving such Distribution. No Distribution shall be made with respect to a Claim unless the Holder of such Claim complies with the applicable Distribution Procedures, if any.

5. Issuance of New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Shareholder Warrants

The New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Shareholder Warrants, if issued, shall be issued as provided in Articles IV, VII and VIII of the Plan and the Implementation Memorandum, as applicable. All of the New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Shareholder Warrants shall be duly authorized, validly issued, and, to the extent applicable, fully paid, and non-assessable. Each Distribution and issuance referred to in Article VIII of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such Distribution or issuance and by the terms and conditions of the applicable instruments, which terms and conditions shall bind each Person receiving such Distribution. No Distribution shall be made with respect to a Claim unless the Holder of such Claim complies with the applicable Distribution Procedures, if any. The New Arcapita Ordinary Shares will be subject to dilution by the New Arcapita Creditor Warrants. The New Arcapita Ordinary Shares, including any distributed in connection with exercise of the New Arcapita

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[41] Falcon will not be a New SCB Facility Obligor.

[42] Falcon will not be a Sukuk Facility Obligor.

Creditor Warrants, will be subject to dilution by the New Arcapita Shareholder Warrants, if issued.

6. Use of Proceeds

Cash, debt and equity available from the sources described in Sections 7.2.1-7.2.5 of the Plan shall be used by the Disbursing Agent to fund all Distributions to be made on the Distribution Date and to fund ongoing operating expenses of the Reorganized Debtors.

C. RULE 2004 EXAMINATIONS

The power of the Reorganized Debtors to conduct examinations pursuant to Bankruptcy Rule 2004 shall be expressly preserved following the Effective Date.

D. CONTINUED EXISTENCE

Except as provided in the Plan, each Debtor will continue to exist on or after the Effective Date as a separate legal entity, with all the rights and powers applicable to such entity under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution, or otherwise) under applicable law, subject to the Implementation Memorandum.

E. REVESTING OF ASSETS

Except as expressly provided in the Plan or the Implementation Memorandum, the Assets of each Debtor's Estate shall revest in the applicable Reorganized Debtor on the Effective Date. The Bankruptcy Court shall retain jurisdiction to determine disputes as to property interests created or vested by the Plan. From and after the Effective Date, the Reorganized Debtors may operate their businesses, and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, except as provided in the Plan. As of the Effective Date, all property of the Reorganized Debtors shall be free and clear of all Claims and Interests, except as, and to the extent, provided in the Plan Documents.

F. IMPLEMENTATION TRANSACTIONS

In connection with implementation of the Plan and the creation of the New Holding Companies, the Disbursing Agent and the Debtors (or, after the Effective Date, the Reorganized Debtors) (i) shall effectuate the Plan through the transactions described in the Implementation Memorandum and the Cooperation Settlement Term Sheet, (ii) may merge, dissolve, transfer assets, or otherwise consolidate any of the Debtors (other than Falcon) in furtherance of the Plan, and (iii) may engage in any other transaction in furtherance of the Plan. Any such transaction may be effected prior to, on or subsequent to the Effective Date without the necessity for any further authorization by Holders of Interests or the directors, managers or other responsible persons of any of the Debtors.

G. SALE OF AIHL ASSETS

As set forth in more detail in the Implementation Memorandum, Reorganized AIHL shall transfer all of its Assets (including all AIHL assets that have revested in Reorganized AIHL pursuant to Section 7.5 of the Plan) to New Arcapita Holdco 2, in exchange for the AIHL Sukuk Obligations, the New Arcapita AIHL Class A Shares, the New Arcapita AIHL Ordinary Shares, the New Arcapita Creditor Warrants, and the obligation of New Arcapita Holdco 2 to assume and pay AIHL's obligations under the DIP Facility and the SCB Facilities, as provided herein. The Confirmation Order shall, pursuant to section 1123(a)(5) of the Bankruptcy Code, authorize and approve the sale of Reorganized AIHL's Assets to New Arcapita Holdco 2.

H. TRANSFER OF ARCAPITA BANK SHARES

Each Holder of a Share in Arcapita Bank will be offered the option to exchange all such Shares held by such Holder to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants which may be accepted at any time prior to the one-year anniversary of the Effective Date; *provided*, *however*, that if the Holders of a majority of such Shares do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Transferring Shareholder Warrants may not be issued to any such Holders. Any Holder of a Share in Arcapita Bank who does not elect to exchange its Shares for a Pro Rata Share of the Transferring Shareholder Warrants prior to the expiration of the one-year deadline shall retain its Shares in Arcapita Bank and the Pro Rata Share of Transferring Shareholder Warrants which such Holder would have received shall expire and be cancelled.

I. CANCELLATION OF SECURITIES AND AGREEMENTS

On the Effective Date, the Plan shall be consummated in accordance with the provisions set forth in the Plan and: (i) the Claims against and Interests in the Debtors, whether arising under the Syndicated Facility, the SCB Facilities, the Arcsukuk Facility, or under any other Certificate, Interest, share, note, bond, indenture, purchase right, option, warrant, or other instrument or document, evidencing or creating, directly or indirectly, any indebtedness or obligation of or ownership interest in any of the Debtors (except such Certificates, notes, or other instruments or documents evidencing indebtedness or obligations of or ownership interest in any of the Debtors that are Reinstated pursuant to the Plan and as provided in Section 2.4 of the Plan), shall be cancelled, and the Reorganized Debtors shall not have any continuing obligations therefor; and (ii) the Claims against and Interests in the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation, formation or similar documents governing the shares, Certificates, notes, bonds, indentures, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in any of the Debtors (except such agreements, Certificates, notes, or other instruments or documents evidencing indebtedness or obligations of or ownership interest in the Debtors that are Reinstated pursuant to the Plan and as provided in Section 2.4 of the Plan) shall be released and discharged; *provided*, *however*, that notwithstanding Confirmation or consummation, the Syndicated Facility, the SCB Facilities, the Arcsukuk Facility and any other similar agreement that governs the rights of Holders of Claims thereunder shall continue in effect solely for the purpose of allowing such Holders to receive

Distributions under and in accordance with the Plan and with respect to any party that, notwithstanding the provisions of the Plan that are binding on creditors and equity holders of the Arcapita Group wherever located, alleges not to be bound by the Plan; *provided further*, *however*, that the preceding proviso shall not affect the discharge of Claims or Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any expense or liability to the Reorganized Debtors without the express, written consent of the applicable Reorganized Debtors.

J. REORGANIZED DEBTORS; NEW HOLDING COMPANIES

On the Effective Date, the New Boards of the New Holding Companies and each Reorganized Debtor shall be appointed, and each shall adopt its New Governing Documents. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other action necessary or desirable to consummate the Plan. The Corporate Structure and Governance Documents, which evidence the new corporate and corporate governance structures of the New Holding Companies and the Reorganized Debtors, will be substantially in the form filed in the Plan Supplement.

K. POST EFFECTIVE DATE MANAGEMENT

Pursuant to the provisions of the Corporate Structure and Governance Documents and the Reorganized Debtors' constituent documents, which may be amended from time to time, the operation, management, and control of the New Holding Companies and the Reorganized Debtors shall be the general responsibility of their respective boards of directors or managers and senior officers (as provided under applicable law), which shall, after the Effective Date, have the responsibility for the management, control, and operation of the New Holding Companies and the Reorganized Debtors; *provided, however*, that certain of these functions will be outsourced to AIM pursuant to the Management Services Agreement, and certain of the functions, such as cash management and distributions to holders of the Sukuk Obligations and the New Arcapita Shares, will be retained by the Reorganized Arcapita Group, together with dominion and control over the other treasury functions of the Reorganized Arcapita Group. The Reorganized Arcapita Group will retain the right, on reasonable notice and no more frequently than once per calendar quarter, to inspect the books and records of AIM related to the Investments and the right to terminate the Management Services Agreement in certain circumstances. Entry of the Confirmation Order shall ratify and approve all actions taken by each of the Debtors from the Petition Date through and until the Effective Date.

L. DIRECTORS AND OFFICERS OF THE REORGANIZED DEBTORS

The members of the New Boards, as well as the officers, directors, managers or other responsible persons with respect to the New Holding Companies and the Reorganized Debtors will be identified in the Plan Supplement, together with their respective biographical information. Unless otherwise specified in the Plan Supplement, and subject to the provisions of the Equity Term Sheet governing the constitution of the New Boards, the current officers and

directors of Falcon will remain as officers and directors of Reorganized Falcon.[43] A schedule of the annual compensation to be paid to persons serving as executives, officers, directors, managers or responsible persons as of the Effective Date that are Insiders (as defined in the Bankruptcy Code) will also be set forth in the Plan Supplement.

M. NEW GOVERNING DOCUMENTS OF THE REORGANIZED DEBTORS AND NEW HOLDING COMPANIES

The New Governing Documents of the Reorganized Debtors and the New Holding Companies (as applicable), among other things, shall prohibit the issuance of non-voting equity securities to the extent required by section 1123(a) of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors and the New Holding Companies may amend and restate their New Governing Documents, as permitted under applicable laws, subject to the terms and conditions of such documents.

N. EMPLOYMENT, RETIREMENT, INDEMNIFICATION, AND OTHER RELATED AGREEMENTS

On the Effective Date, the Senior Management Global Settlement, the Key Employee Incentive Plan, and the definitive documents evidencing same, shall, automatically and without further action on the part of the New Boards of the Reorganized Debtors or the New Holding Companies, be deemed to be adopted by the Reorganized Debtors and the New Holding Companies and shall be fully operative and enforceable, and the Reorganized Debtors and the New Holding Companies, and their New Boards, shall be authorized and directed to take any and all actions necessary and appropriate to implement and perform under these plans and agreements.

On and after the Effective Date, except as set forth herein, the Reorganized Debtors and the New Holding Companies shall have the authority, as determined by the New Boards, to: (i) maintain, amend, or revise existing employment, retirement, welfare, incentive, severance, indemnification, and other agreements with its active and retired directors or managers, officers, and employees, subject to the terms and conditions of any such agreement, and to continue to maintain and provide benefits, including all post-employment benefits, in connection therewith; and (ii) enter into new employment, retirement, welfare, incentive, severance, indemnification, and other agreements for active and retired employees.

For purposes only of implementing the benefits provided pursuant to the Employee Program and Global Settlement Order and the Senior Management Global Settlement, all employees participating in any employee benefit program thereunder and employed by the Arcapita Group as of the Effective Date, shall be treated as if they had been terminated on the Effective Date and all amounts due and owing to such employees thereunder at termination of their employment shall be immediately due and payable, subject to compliance by such employees with their obligations pursuant to the Employee Program and Global Settlement Order or the Senior Management Global Settlement, as applicable.

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[43] Falcon's current officers and directors are as follows: Kevin Keough (Director, President, and Secretary), Bill Lundstrom (Director), and Martin Tan (Director).

O. EFFECTUATING DOCUMENTS; FURTHER TRANSACTIONS

On and after the Effective Date, the New Holding Companies and the Reorganized Debtors, and the officers and members of the New Boards, are authorized to and may, in the name of and on behalf of the applicable New Holding Companies and Reorganized Debtors, issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

P. ENTITY ACTION

Upon the Effective Date, all actions contemplated by the Plan shall be deemed ratified, authorized, and approved in all respects, including but not limited to: (i) entry into the Senior Management Global Settlement; (ii) the selection of the directors and officers for the New Holding Companies and the Reorganized Debtors; (iii) the distribution of the New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Shareholder Warrants in accordance with the Plan; (iv) the execution and entry into the Exit Facility, the New SCB Facility, the Sukuk Facility, and related transaction security agreements, indentures, and any other ancillary agreements relating thereto; (v) the adoption of the Key Employee Incentive Plan; (vi) the performance of any and all obligations required by or related to the Employee Program and Global Settlement Order in accordance with the terms thereof as modified herein; and (vii) all other actions contemplated by the Plan, including the actions described in the Implementation Memorandum (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the entity structure of the Debtors, the Reorganized Debtors or the New Holding Companies, and any entity action required by the Debtors, the Reorganized Debtors or the New Holding Companies in connection with the Plan shall be deemed to have occurred and shall be in effect without any requirement of further action by the security holders, directors, or officers of the Debtors, the Reorganized Debtors, or the New Holding Companies. On or prior to the Effective Date, as applicable, the appropriate officers of the Debtors, the Reorganized Debtors, or the New Holding Companies, as applicable, shall be authorized and directed, as applicable, to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors or the New Holding Companies, as applicable, including, without limitation, the Exit Facility, the New SCB Facility, the Sukuk Facility, the Senior Management Global Settlement, the Key Employee Incentive Plan, and any and all other agreements, documents, indentures, securities, and instruments relating to the foregoing. To the extent permitted by the Bankruptcy Code, the authorizations and approvals contemplated herein shall be effective notwithstanding any requirements under any non-bankruptcy law. The issuance of the New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Creditor Warrants shall be exempt from the requirements of section 16(b) of the Securities Exchange Act of 1934 (pursuant to Rule 16b-3 promulgated thereunder) with respect to any acquisition of securities by an officer or director (or a director deputized for purposes thereof) as of the Effective Date.

Q. SECTION 1146 EXEMPTION

Pursuant to section 1146 of the Bankruptcy Code, any transfers of property (whether from a Debtor to a Reorganized Debtor or to any other Person) pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (i) the issuance, distribution, transfer, or exchange of any debt, Equity Security, or other Interest in the Debtors, the Reorganized Debtors, or the New Holding Companies; (ii) the creation, modification, consolidation, termination, refinancing and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (iii) the making, assignment, or recording of any lease or sublease; (iv) the grant of collateral as security for any or all of the Exit Facility, the New SCB Facility, and the Sukuk Facility; or (v) the making, delivery, or recording of any deed or other instruments of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local government officials or agents shall and shall be directed to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

R. PRESERVATION OF CAUSES OF ACTION

In accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action other than Released Actions, whether arising before or after the Petition Date, including, but not limited to, any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action (other than Released Actions) shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action (other than Released Actions), as appropriate, in accordance with the best interests of the Reorganized Debtors. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action (other than Released Actions) against such Person as any indication that the Debtors or Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against such Person (other than Released Actions). The Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action (other than Released Actions) against any Person, except as otherwise expressly provided in the Plan. Unless any Causes of Action (other than Released Actions) against any Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action (other than Released Actions), for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to Causes of Action (other than Released Actions) upon, after, or as a consequence of the Confirmation of the Plan or the occurrence of the Effective Date.

The Reorganized Debtors reserve and shall retain any applicable Causes of Action (other than Released Actions) notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action (other than Released Actions) that a Debtor may hold against any Person shall vest in the applicable Reorganized Debtor(s). The applicable Reorganized Debtor(s), through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action (other than Released Actions); *provided*, *however*, that any Causes of Action that revest in Reorganized Arcapita or AIHL shall be transferred to New Arcapita Topco in accordance with the Implementation Memorandum and New Arcapita Topco may exclusively enforce any and all such Causes of Action (other than Released Actions); *provided*, *further*, *however*, that the Committee may enforce any Causes of Action that the Committee has standing to prosecute pursuant to a Final Order. The Reorganized Debtors, New Arcapita Topco, or the Committee (solely with respect to any Causes of Action that the Committee has standing to prosecute pursuant to a Final Order), as applicable, shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any Causes of Action (other than Released Actions) and to decline to do any of the foregoing without the consent or approval of any third-party or further notice to or action, order, or approval of the Bankruptcy Court. New Arcapita Topco shall stand in the shoes of the Debtors and the Reorganized Debtors for purposes of the attorney client privilege held by the Debtors or the Reorganized Debtors as to any legal advice or legal services provided to or for the benefit of the Debtors or the Reorganized Debtors relating to the Causes of Action transferred to New Arcapita Topco, and the disclosure or transfer of information protected by the attorney client privilege or the work product doctrine from the Debtors or Reorganized Debtors (or their counsel) to New Arcapita Topco (or its counsel) shall not constitute a waiver of the attorney client privilege or the work product doctrine. For the avoidance of doubt, the Released Actions shall be expressly waived, released, and relinquished on the Effective Date.

The Plan expressly reserves the right of the Debtors and the Reorganized Debtors (or any other Person authorized to prosecute the rights of the Debtors' Estates) to file an adversary proceeding or other appropriate proceeding, before or after the Effective Date, to subordinate any Claim subject to subordination.

S. NON-OCCURRENCE OF EFFECTIVE DATE

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

T. FOUNTAINS GUARANTEE

Pursuant to that certain Second Amendment to Second Amended and Restated Loan Agreement and Omnibus Amendment and Reaffirmation of Loan Documents, by and between HSH Nordbank AG, Cayman Islands Branch, as Lender; HSH Nordbank AG, New York Branch, as Lead Arranger, Administrative Agent, and Collateral Agent; Fountains Senior Living Holdings, LLC; and US Senior Living Investments, LLC, dated as of September 28, 2012

(the "***Fountains Loan***"), Reorganized Arcapita Bank's failure to provide the Fountains Guarantee will result in a default under the Fountains Loan. The investment that is underwritten by the Fountains Loan represents significant potential value to the Arcapita Group. Additionally, because the borrower under the Fountains Loan is solvent and able to repay the Loan, the Fountains Guarantee will not negatively impact Reorganized Arcapita Bank. Therefore, in order to avoid default under the Fountains Loan and preserve the potential value of the underlying investment, in connection with the implementation of the Plan, on the Effective Date Reorganized Arcapita Bank shall execute the Fountains Guarantee and become liable for all of the obligations arising thereunder.

U. HQ SETTLEMENT

Confirmation of the Plan shall constitute approval of the HQ Settlement and shall bind the parties thereto to the terms thereof, as evidenced by the definitive documents with respect thereto which shall be substantially in the form filed in the Plan Supplement.

V. COOPERATION SETTLEMENT TERM SHEET

Confirmation of the Plan shall constitute approval of the documents implementing the Cooperation Settlement Term Sheet and shall bind the parties thereto to the terms thereof, including, without limitation, the Management Services Agreement, which shall be substantially in the form filed in the Plan Supplement.

X. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. ASSUMPTION AND REJECTION OF CONTRACTS AND UNEXPIRED LEASES

Except as otherwise provided in the Plan or pursuant to the Confirmation Order, all Executory Contracts and Unexpired Leases that exist between any Debtor and any Person, shall be rejected pursuant to section 365(a) of the Bankruptcy Code as of the Effective Date, except for any such contract or lease (i) that has been assumed, rejected, or renegotiated and assumed on renegotiated terms, pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject, or a motion to approve renegotiated terms and to assume on such renegotiated terms, that has been filed and served prior to the Effective Date, (iii) that is an Intercompany Contract, or (iv) that is identified on the Assumed Executory Contract and Unexpired Lease List or in the Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the rejection, pursuant to section 365(a) of the Bankruptcy Code, of the Executory Contracts and Unexpired Leases other than those identified above. For the avoidance of doubt, on the Effective Date, the applicable Debtors shall assume the Senior Management Global Settlement; and shall assume the Lusail Transaction Documents on modified terms to ensure that no payments will be due to QRE Investments W.L.L. unless and until the Lusail Option is exercised or a similar monetization transaction takes place that monetizes the Arcapita Group's interests in the Lusail Land, and shall and assign them the Lusail Transaction Documents to one of the New Holding Companies. Each Executory Contract and Unexpired Lease assumed pursuant to Section 6.1 of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third-party prior to the Confirmation Date, shall revest in and be fully enforceable by the applicable Reorganized

Debtor(s) in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court.

B. CLAIMS BASED ON REJECTION OF EXECUTORY CONTRACTS OR UNEXPIRED LEASES

A Proof of Claim with respect to a Claim, if any, arising from the rejection of an Executory Contract or Unexpired Lease, pursuant to the Plan or otherwise must be filed with the Bankruptcy Court within 30 days after the date of entry of the order of the Bankruptcy Court (including the Confirmation Order, if applicable) approving such rejection. Any Claim arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates, or their respective property, without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court. All Claims arising from the rejection of Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims, Subordinated Claims, or Super-Subordinated Claims, as applicable, and shall be treated in accordance with Section 4.5, 4.8, or 4.10 of the Plan, as applicable, or in such other manner as directed by the Bankruptcy Court (*see* Sections VII.C.4.e., VII.C.4.h. and VII.C.4.j. above).

C. CURE OF DEFAULTS

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure Claim in Cash on the later of (i) the Effective Date, or (ii) the date on which such Cure Claim is Allowed, or on such other terms as the parties to any such Executory Contract or Unexpired Lease may otherwise agree. In the event of a dispute regarding (i) the existence of amount of the Cure Claim, (ii) the ability of the applicable Reorganized Debtor(s) or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (iii) any other matter pertaining to assumption, the payments required by section 365(b)(1) of the Bankruptcy Code in respect of Cure Claims shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least 20 days prior to the Confirmation Hearing, the Debtors shall provide notices (the "***Cure Notice***") of proposed assumption and proposed Cure Claims to the counterparties to the Executory Contracts and Unexpired Leases to be assumed (the "***Contracts***"). The Cure Notice will list the amount that the Debtors believe must be paid as a condition to the assumption of the Contract identified to cure all monetary defaults thereunder (the "***Cure Amount***") in the event the Debtors, in their sole discretion, elect to assume the Contract.

Any objection by a counterparty to a proposed assumption or related Cure Claim ("***Cure Objection***") must be filed and served in writing, setting forth with specificity any and all outstanding obligations that the objecting party asserts must be cured or satisfied as a condition precedent to assuming the related Contract and/or any other objection to the assumption of any Contract. The Cure Objection must be filed whether or not the counterparty has previously filed a Proof of Claim with respect to amounts the counterparty claims are due under the applicable Contract.

The Cure Objection must include all documentation and any other evidence supporting the Cure Objection and must be filed on or before **May 30, 2013 at 4:00 p.m. (prevailing Eastern Time)** (the "***Cure Objection Deadline***") with the clerk of the Court, One Bowling Green, New York, New York, 10004-1408 together with a proof of service. The Debtors may, in their sole discretion, extend the Cure Objection Deadline without further notice, but are not obligated to do so.

Cure Objections must be served in a manner that will cause the Cure Objection to actually be received by the Cure Objection Deadline on: (i) Gibson, Dunn & Crutcher LLP, 200 Park Ave, New York, New York 10166 (Attn: Michael A. Rosenthal, Esq., Craig H. Millet, 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) Sidley Austin LLP, Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA (Attn: Patrick Corr and Benjamin Klinger) as counsel for Gordon MacRae and Simon Appell of Zolfo Cooper (Cayman) Limited as joint provisional liquidators of AIHL in its Cayman Island provisional liquidation proceedings; and, (iv) counsel for the Official Committee of Unsecured Creditors, Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005 (Attn: Dennis F. Dunne, Esq. and Evan R. Fleck, Esq.).

If a Cure Objection is timely filed and not otherwise resolved, the Court shall determine the amount of any disputed Cure Amount or otherwise adjudicate the Objection at the Confirmation Hearing, or on such other date and time to which you and the Debtors mutually agree and/or the Court approves.

Parties that fail to timely file a Cure Objection will be (i) deemed to have consented to the Cure Amount and the assumption of the Contract, (ii) deemed to have waived any right to object, to withhold consent, to condition, or to otherwise restrict or prevent the Debtors' assumption of the Contract, and (iii) forever barred from seeking any additional damages, Cure Amount or other recovery from the Debtors, their estates or the Reorganized Debtors on account of the Debtors' assumption of the Contract and/or any cure obligations under section 365 of the Bankruptcy Code. In addition, if the Debtors elect to assume a Contract and the assumption of the Contract is approved by the Court, the assumed Contract shall be binding on the Reorganized Debtors and the applicable counterparty without the necessity of obtaining any party's consent to the Debtors' assumption of the Contract.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise, upon the payment of the applicable Cure Claim, if any, shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting change in control, change in ownership interest, or composition, or other bankruptcy-related defaults, arising under any such Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. Any Proof of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed in its entirety and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

D. CONTRACTS AND LEASES ENTERED INTO AFTER THE PETITION DATE

Contracts and leases entered into during the Postpetition Period by any Debtor, including any Executory Contracts and Unexpired Leases assumed by any Debtor during the Postpetition Period, will be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

E. MODIFICATIONS, AMENDMENTS, SUPPLEMENTS, RESTATEMENTS, OR OTHER AGREEMENTS

Unless otherwise provided in the Plan or in the order assuming an Executory Contract or Unexpired Lease, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to any prepetition Executory Contracts or Unexpired Leases that have been executed by the Debtors during the Postpetition Period shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless specifically addressed in such modification, amendment, supplements, or restatement.

F. RESERVATION OF RIGHTS

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Assumed Executory Contract and Unexpired Lease List, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of purported assumption or rejection, the Debtors or Reorganized Debtors, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

The inclusion of a Contract on *Exhibit 1* to a Cure Notice (a) is without prejudice to the rights of any of the Debtors to modify or withdraw their election to assume or to reject any Contract listed prior to the entry of a final, non-appealable order approving the assumption or rejection of any Contract (including the order confirming the Plan), (b) is not a commitment that a Contract listed will, in fact, be assumed, and (c) shall not constitute or be deemed an admission by the Debtors that Contract listed is, in fact, an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code and all rights with respect thereto are expressly reserved.

XI. METHOD OF DISTRIBUTIONS UNDER THE PLAN AND CLAIMS RECONCILIATION

A. DISTRIBUTIONS

The Disbursing Agent shall make or cause to be made the Distributions required under the Plan to all Holders of Allowed Claims and Interests. No Distribution shall be made to any Holder until such Holder satisfies any applicable distribution condition, including compliance with any applicable Distribution Procedures. Notwithstanding anything to the contrary in the foregoing, Distributions on account of the DIP Facility Claims shall be made on the Effective Date.

B. DISTRIBUTION RECORD DATE

For purposes of the Plan, as of 5:00 p.m. prevailing U.S. Eastern Time on the Distribution Record Date, the records of ownership of Claims against the Debtors (including the claims register in the Chapter 11 Cases) will be closed. For purposes of the Plan, the Debtors, the Estates, the Reorganized Debtors and the Disbursing Agent shall have no obligation to recognize the transfer of any Claim occurring after the Distribution Record Date, and shall be entitled for all purposes relating to the Plan to recognize and deal only with those Holders of record as of as of 5:00 p.m. prevailing U.S. Eastern Time on the Distribution Record Date.

C. DATES OF DISTRIBUTIONS

Except as provided in Sections 8.3, 8.3.1, 8.3.2, 8.3.3, 8.3.4 and 8.35 of the Plan, Distributions under the Plan shall be made by the Disbursing Agent on the Distribution Date. Whenever any Distribution to be made under the Plan shall be due on a day other than a Business Day, such Distribution shall instead be made, without interest, on the immediately following Business Day. Distributions due on the Effective Date shall be paid on such date or as soon thereafter as reasonably practicable, *provided* that if other provisions of the Plan require the surrender of securities or establish other conditions precedent to receiving a Distribution, the Distribution may be delayed until such surrender occurs or conditions are satisfied.

D. DISTRIBUTIONS OF SUKUK OBLIGATIONS

On the Effective Date, the Disbursing Agent shall calculate the allocation of Sukuk Obligations to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(a)-(b) and 5(a)-(b) are Allowed Claims. On the Effective Date, each Holder of an Allowed Claim entitled to receive Sukuk Obligations shall receive a Distribution of Sukuk Obligations in the amount determined by the preceding sentence. Every 180 days following the Effective Date, the Disbursing Agent shall recalculate the allocation of Sukuk Obligations to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(a)-(b) and 5(a)-(b) that have not been Disallowed are Allowed Claims. Each Holder of an Allowed Claim entitled to receive Sukuk Obligations shall then receive a Distribution of Sukuk Obligations (and the proceeds thereof, including any interest accrued thereon) in an amount sufficient to make the total of all Distributions of Sukuk Obligations (and the proceeds thereof, including any interest accrued thereon) to such Holder equal to the total amount of such Distributions of Sukuk Obligations to which such Holder is entitled, as determined by the preceding sentence. At all

times, the undistributed Sukuk Obligations and any proceeds thereof shall be held by the Disbursing Agent in a segregated account.

E. DISTRIBUTIONS OF NEW ARCAPITA SHARES

On the Effective Date, the Disbursing Agent shall calculate the allocation of New Arcapita Shares to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(a)-(b), and 5(a)-(b) are Allowed Claims and, for purposes of calculating the amount of Contingent Class 4(a) Claims only, as if all Claims in Class 4(b) have been Disallowed. On the Effective Date, each Holder of an Allowed Claim entitled to receive New Arcapita Shares shall receive a Distribution of New Arcapita Shares in the amount determined by the preceding sentence. Every 180 days following the Effective Date, the Disbursing Agent shall recalculate the allocation of New Arcapita Shares to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(a)-(b) and 5(a)-(b) that have not been Disallowed are Allowed Claims and, for purposes of calculating the amount of Contingent Class 4(a) Claims only, as if all Claims in Class 4(b) that have not been Allowed have been Disallowed. Each Holder of an Allowed Claim entitled to receive New Arcapita Shares shall then receive a Distribution of New Arcapita Shares (and the proceeds thereof, if any) in an amount sufficient to make the total of all Distributions of New Arcapita Shares (and the proceeds thereof, if any) to such Holder equal to the total amount of such Distributions of New Arcapita Shares to which such Holder is entitled, as determined by the preceding sentence. At all times, the undistributed New Arcapita Shares and any proceeds thereof, if any, shall be held by the Disbursing Agent in a segregated account. In the event a vote or election is required, by the holders of the New Arcapita Shares, the Disbursing Agent, unless otherwise directed by the Bankruptcy Court, shall vote or make elections with respect to the New Arcapita Shares held by the Disbursing Agent on the record date for such vote or election in the same manner and proportion as all other securities of the same class(es) are voted or with respect to which elections are made by holders other than the Disbursing Agent. No partial New Arcapita Shares shall be issued; the number of New Arcapita Shares distributable to any Claimant pursuant to Section 8.3.2 of the Plan shall be calculated by disregarding any fractional portion of New Arcapita Shares to which such Claimant might otherwise be entitled.

F. DISTRIBUTIONS OF NEW ARCAPITA SHAREHOLDER WARRANTS

On the Effective Date, the Disbursing Agent shall calculate the allocation of New Arcapita Shareholder Warrants to be distributed in accordance with Article IV of the Plan as if all Claims in Class 8(a) are Allowed Claims. On the Effective Date, each Holder of an Allowed Claim and each Transferring Shareholder entitled to receive New Arcapita Shareholder Warrants shall receive a Distribution of New Arcapita Shareholder Warrants in the amount determined by the preceding sentence. Every 180 days following the Effective Date, the Disbursing Agent shall recalculate the allocation of New Arcapita Shareholder Warrants to be distributed in accordance with Article IV of the Plan as if all Claims in Class 8(a) that have not been Disallowed are Allowed Claims. Each Holder of an Allowed Claim and each Transferring Shareholder entitled to receive New Arcapita Shareholder Warrants shall then receive a Distribution of New Arcapita Shareholder Warrants (and the proceeds thereof, if any) in an amount sufficient to make the total of all Distributions of New Arcapita Shareholder Warrants (and the proceeds thereof, if any) to such Holder or Transferring Shareholder equal to the total amount of such Distributions of New

Arcapita Shareholder Warrants to which such Holder or Transferring Shareholder is entitled, as determined by the preceding sentence. At all times, the undistributed New Arcapita Shareholder Warrants and any proceeds thereof, if any, shall be held by the Disbursing Agent in a segregated account. No partial New Arcapita Shareholder Warrants shall be issued; the number of New Arcapita Shareholder Warrants distributable to any Claimant or Transferring Shareholder pursuant to Section 8.3.3 of the Plan shall be calculated by disregarding any fractional portion of New Arcapita Shareholder Warrants to which such Claimant or Transferring Shareholder might otherwise be entitled.

G. DISTRIBUTIONS OF NEW ARCAPITA CREDITOR WARRANTS

On the Effective Date, the Disbursing Agent shall calculate the allocation of New Arcapita Creditor Warrants to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(b) and 5(b) are Allowed Claims. On the Effective Date, each Holder of an Allowed Claim entitled to receive New Arcapita Creditor Warrants shall receive a Distribution of New Arcapita Creditor Warrants in the amount determined by the preceding sentence. Every 180 days following the Effective Date, the Disbursing Agent shall recalculate the allocation of New Arcapita Creditor Warrants to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(b) and 5(b) that have not been Disallowed are Allowed Claims. Each Holder of an Allowed Claim entitled to receive New Arcapita Creditor Warrants shall then receive a Distribution of New Arcapita Creditor Warrants (and the proceeds thereof, if any) in an amount sufficient to make the total of all Distributions of New Arcapita Creditor Warrants (and the proceeds thereof, if any) to such Holder equal to the total amount of such Distributions of New Arcapita Creditor Warrants to which such Holder is entitled, as determined by the preceding sentence. At all times, the undistributed New Arcapita Creditor Warrants and any proceeds thereof, if any, shall be held by the Disbursing Agent in a segregated account. No partial New Arcapita Creditor Warrants shall be issued; the number of New Arcapita Creditor Warrants distributable to any Claimant pursuant to Section 8.3.4 of the Plan shall be calculated by disregarding any fractional portion of New Arcapita Creditor Warrants to which such Claimant might otherwise be entitled.

H. DISTRIBUTIONS OF FALCON AVAILABLE CASH

The Disbursing Agent shall calculate the amount of Falcon Available Cash quarterly, and shall distribute any Falcon Available Cash on a quarterly basis in accordance with Article IV of the Plan as if all Claims and Interests in Classes 5(g), 7(g), 8(g), and 9(g) are Allowed. On the Effective Date, each Holder of an Allowed Claim or Interest entitled to receive Falcon Available Cash shall receive a Distribution of Falcon Available Cash in the amount determined by the preceding sentence. Any remaining Falcon Available Cash and any proceeds thereof shall be held by the Disbursing Agent in a segregated account for Distribution pursuant to Section 8.3.5 of the Plan. On the last day of each quarter following the Effective Date, the Disbursing Agent shall calculate the allocation of Falcon Available Cash to be distributed in accordance with Article IV of the Plan as if all Claims and Interests in Classes 5(g), 7(g), 8(g), and 9(g) that have not been Disallowed are Allowed. Each Holder of an Allowed Claim or Interest entitled to receive Falcon Available Cash shall then receive a Distribution of Falcon Available Cash in an amount sufficient to make the total of all Distributions of Falcon Available Cash to such Holder or equal to the total amount of such Distributions of Falcon Available Cash

to which such Holder is entitled, as determined by the preceding sentence. Any remaining Falcon Available Cash and any proceeds thereof shall be held by the Disbursing Agent in a segregated account for Distribution pursuant to Section 8.3.5 of the Plan.

I. CASH PAYMENTS

Any Cash payments made pursuant to the Plan will be made in U.S. dollars or the currency in which the Claim is denominated under the applicable agreements related thereto. Cash payments made pursuant to the Plan in the form of a check shall be null and void if not cashed within 180 days of the date of issuance thereof.

J. DELIVERY OF DISTRIBUTIONS

If the Distribution to any Holder of an Allowed Claim is returned as undeliverable, the Disbursing Agent shall use commercially reasonable efforts to determine the current address of such Holder. Undeliverable Distributions shall be held by the Disbursing Agent subject to Section 8.8 of the Plan. (*see* Section XI.M. below).

K. MINIMUM CASH DISTRIBUTIONS

No Cash payment less than twenty-five dollars shall be made to any Holder of an Allowed Claim unless a request therefor is made in writing to the Disbursing Agent.

L. WITHHOLDING TAXES

The Disbursing Agent shall comply with all withholding, reporting, certification, and information requirements imposed by any federal, state, local, or foreign taxing authority and all Distributions under the Plan shall, to the extent applicable, be subject to any such withholding, reporting, certification, and information requirements.

Persons entitled to receive Distributions under the Plan shall, as a condition to receiving such Distributions, provide such information and take such steps as the Disbursing Agent may reasonably require to ensure compliance with such withholding and reporting requirements, and to enable the Disbursing Agent to obtain the certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

Any Person that does not provide the Disbursing Agent with requisite information after the Disbursing Agent has made at least three attempts (by written notice or request for such information, including on the Ballots in these Chapter 11 Cases) to obtain such information, may be deemed to have forfeited such Person's right to any Distributions that such Person is otherwise entitled to, and such Distributions shall be treated as Unclaimed Property under Section 8.8 of the Plan (*see* Section XI.M. below).

M. UNCLAIMED PROPERTY

Any Person that fails to claim any Distribution to be distributed hereunder by the Forfeiture Date shall forfeit all rights to such Distribution, and shall have no claim whatsoever with respect thereto against the New Holding Companies, the Debtors, their Estates, the

Reorganized Debtors, their property, or any Holder of an Allowed Claim or Interest that has received any Distributions under the Plan.

N. FORFEITED PROPERTY

The Forfeiture Date is the date that is the later of (i) the one year anniversary of the Effective Date, or (ii) the one year anniversary of the date on which such Distribution is made available to the applicable Claimant by the Disbursing Agent. Upon the forfeiture of Cash, such Cash shall be the property of New Arcapita Holdco 1 (except for Cash to be distributed by Falcon, which forfeited Cash shall be the property of Falcon); upon the forfeiture of the right to Distributions of any Sukuk Obligations, such Obligations shall be redistributed as if the related Claims have become Disallowed in accordance with the provisions of Section 8.3.1 of the Plan; upon the forfeiture of the right to Distributions of any New Arcapita Shares, such Shares shall be redistributed as if the related Claims have become Disallowed in accordance with the provisions of Section 8.3.2 of the Plan; upon the forfeiture of the right to Distributions of any New Arcapita Shareholder Warrants, such Warrants shall be redistributed as if the related Claims have become Disallowed in accordance with the provisions of Section 8.3.3 of the Plan; upon the forfeiture of the right to Distributions of any New Arcapita Creditor Warrants, such Warrants shall be redistributed as if the related Claims have become Disallowed in accordance with the provisions of Section 8.3.4 of the Plan. Nothing herein shall require further efforts to attempt to locate or notify any Person with respect to any forfeited property.

O. DISPUTED CLAIMS AND INTERESTS

If the Debtors, the Reorganized Debtors, or any other party in interest disputes any Claim against or Interest in the Debtors, such dispute shall be (i) adjudicated in the Bankruptcy Court or, to the extent that the Bankruptcy Court does not have jurisdiction, in any other court having jurisdiction over such dispute, or (ii) settled or compromised by the Debtors or the Reorganized Debtors as provided for in Sections 8.11 and 8.12 of the Plan (*see* Sections XI.P. and XI.Q. below). Among other things, the Debtors (on or before the Effective Date), or the Reorganized Debtors (after the Effective Date) may elect, at their respective sole option, to object to or seek estimation under section 502 of the Bankruptcy Code with respect to any Proof of Claim or Proof of Interest filed by or on behalf of a Holder of a Claim against or Interest in the Debtors. Upon Allowance of a Disputed Claim or Interest in whole or in part by Final Order, the Distribution on any portion of such Claim or Interest that is Allowed shall be made as provided in such Final Order in accordance with the Plan.

P. OBJECTIONS TO CLAIMS AND INTERESTS

Unless a different time is set by an order of the Bankruptcy Court or otherwise established by other provisions of the Plan, all objections to Claims and Interests must be filed by the Claims Objection Bar Date; *provided*, *however*, that no such objection may be filed with respect to any Claim or Interest after the Bankruptcy Court has determined by entry of an order that such Claim or Interest is an Allowed Claim or Interest. The failure by any party in interest, including the Debtors and the Committee to object to any Claim or Interest, for purposes of voting shall not be deemed a waiver of such party's rights to object to, or re-examine, any such Claim or Interest in whole or in part. After the Effective Date, no party in interest shall have the

right to object to Claims against or Interests in the Debtors or their Estates other than the Reorganized Debtors.

Q. COMPROMISES AND SETTLEMENTS

From and after the Effective Date, and without any further approval by the Bankruptcy Court, the Reorganized Debtors may compromise and settle all Claims and Causes of Action.

R. RESERVATION OF DEBTORS' RIGHTS

Prior to the Effective Date, the Debtors expressly reserve the right to compromise and settle (subject to the approval of the Bankruptcy Court) Claims against them or claims they may have against other Persons.

S. NO DISTRIBUTIONS PENDING ALLOWANCE

If a Claim or Interest, or any portion of a Claim or Interest, is Disputed, no payment or Distribution will be made on account of the Disputed portion of such Claim (or the entire Claim, if the entire Claim is Disputed), unless such Disputed Claim or Interest or portion thereof becomes an Allowed Claim.

T. NO POSTPETITION INTEREST ON CLAIMS

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or other Final Order of the Bankruptcy Court, no postpetition interest or profit shall accrue or be paid on or in connection with any Claim or Interest, and no Holder of a Claim or Interest shall be entitled to interest or profit during the Postpetition Period on or in connection with any such Claim or Interest.

U. CLAIMS PAID OR PAYABLE BY THIRD-PARTIES

The Disbursing Agent shall reduce in full a Claim, and such Claim shall be disallowed without a Claim objection having to be Filed and without further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not the Disbursing Agent. To the extent a Holder of a Claim receives a Distribution on account of such Claim and receives payment from a party that is not the Disbursing Agent on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the Distribution to the Disbursing Agent to the extent the Holder's total recovery on account of such Claim from the third-party and under the Plan exceeds the Allowed amount of such Claim as of the date of any such Distribution under the Plan. The failure of such Holder to timely repay or return such Distribution shall result in the Holder owing the Disbursing Agent annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

V. EFFECT OF ACCEPTANCE OF DISTRIBUTION

Acceptance of any Distribution or other property under the Plan will constitute the recipient's acknowledgment and agreement that all Claims, demands, liabilities, other debts against, or Interests in, the Debtors (other than those created by the Plan) have been discharged and enjoined in accordance with Article IX of the Plan.

XII. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE

1. Discharge of Claims Against the Debtors and the Reorganized Debtors

Except as otherwise expressly provided in the Plan or the Confirmation Order, the Confirmation of the Plan shall, as of the Effective Date: (i) discharge the Debtors (other than Falcon), the Reorganized Debtors (other than Reorganized Falcon) and any of its or their Assets from all Claims, demands, liabilities, other debts and Interests that arose on or before the Effective Date, including all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based on such debt is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim based on such debt is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the Holder of a Claim based on such debt has accepted the Plan; and (ii) preclude all Persons from asserting against the Debtors (other than Falcon), the Reorganized Debtors (other than Reorganized Falcon), or any of its or their Assets, any other or further Claims or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, all pursuant to sections 524 and 1141 of the Bankruptcy Code. The discharge provided in this provision shall void any judgment obtained against any of the Debtors at any time, to the extent that such judgment relates to a discharged Claim or Interest.

2. Injunction Related to the Discharge

Except as otherwise provided in the Plan or the Confirmation Order, all entities, wherever located in the world, that have held, currently hold, or may hold Claims or other debts or liabilities against the Debtors, or any Interest in any or all of the Debtors, that are discharged pursuant to the terms of the Plan, are permanently enjoined, on and after the Effective Date, from taking, or causing any other entity to take, any of the following actions on account of any such Claims, debts, liabilities or Interests or rights: (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim, debt, liability, Interest, or right, other than to enforce any right to a Distribution pursuant to the Plan; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree or order against the Debtors, the Reorganized Debtors, or any of their Assets on account of any such Claim, debt, liability, Interest, or right; (iii) creating, perfecting, or enforcing any Lien or encumbrance against the Debtors, the Reorganized Debtors, or any of their Assets on account of any such Claim, debt, liability, Interest or right; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors, the Reorganized Debtors, or with respect to any of their Assets on account of any such Claim, debt, liability,

Interest, or right; and (v) commencing or continuing any action, in any manner, in any place in the world that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order; *provided*, *however*, that Holders of Guarantee Claims shall be permitted to deliver upon the Debtors or the Reorganized Debtors, as applicable, any demand, notice or other document with respect to such Holder's Guarantee Claims, for the sole purpose of enabling such Holders to trigger the applicable Debtor's payment obligation pursuant to such Guarantee Claims; *provided further*, *however*, that the preceding proviso shall not allow any Holder of any Claim to assert or deliver any demand, notice or other document with respect to any other Claim. Such injunction shall extend to any successor of the Debtors, the Reorganized Debtors, and any of their Assets. Any Person entitled to a Distribution pursuant to the Plan that is found by the Bankruptcy Court to have willfully violated the injunction set forth in Section 9.1.2 of the Plan shall be deemed to have forfeited all rights to such Distribution or any other benefits under the Plan, and shall have no claim whatsoever with respect thereto against the New Holding Companies, the Debtors, their Estates, the Reorganized Debtors, their property, or any Holder of an Allowed Claim or Interest that has received any Distributions under the Plan. Any Person injured by any willful violation of the injunction set forth in Section 9.1.2 of the Plan shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

B. RELEASES

1. Releases by the Debtors on behalf of the Estates

Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors (other than Falcon) in their individual capacities and as debtors in possession on behalf of their Estates will be deemed to release and forever waive and discharge the Released Parties from and against all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors or their Affiliates, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, including, without limitation, the Incentive Programs, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Plan Supplement, the Disclosure Statement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted by or on behalf of the Debtors or their Estates at any time on or prior to the Effective Date against the Released Parties, other than Claims or liabilities arising out of or relating to any act or omission of a

Released Party that constitutes willful misconduct or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

2. Releases of Avoidance Actions

Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors (other than Falcon) in their individual capacities and as debtors in possession on behalf of their Estates will be deemed to release and forever waive and discharge any Avoidance Actions against (i) the Debtors and their Affiliates, (ii) the Released Parties, (iii) any Persons that have had funds on deposit with Arcapita Bank in a restricted investment account or an unrestricted investment account (other than Placement Banks or their Affiliates), (iv) QIB (with respect to any payments received in connection with the Lusail Transactions only), and (v) QInvest LLC (with respect to any payments received in connection with the Lusail Transactions only). Notwithstanding the foregoing, QIB and QInvest LLC shall only receive the release set forth in this Section 9.2.2 if both QIB and QInvest LLC provide all consents needed with respect to the assumption and assignment of the QRE Letter Agreement, the Lusail Lease, and the Lusail Option.

3. Certain Waivers

Although the Debtors do not believe that California law is applicable to the Plan, nevertheless, in an abundance of caution, each Debtor hereby understands and waives the effect of section 1542 of the California Civil Code to the extent that such section is applicable to the Debtors. Section 1542 of the California Civil Code provides:

> §1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

EACH DEBTOR AGREES TO ASSUME THE RISK OF ANY AND ALL UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS WHICH ARE RELEASED BY THE PLAN AND EACH DEBTOR HEREBY WAIVES AND RELEASES ALL RIGHTS AND BENEFITS WHICH IT MIGHT OTHERWISE HAVE UNDER THE AFOREMENTIONED SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH REGARD TO THE RELEASE OF SUCH UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS. TO THE EXTENT (IF ANY) ANY OTHER LAWS SIMILAR TO SECTION 1542 OF THE CALIFORNIA CIVIL CODE MAY BE APPLICABLE, EACH DEBTOR WAIVES AND

RELEASES ANY BENEFIT, RIGHT OR DEFENSE WHICH IT MIGHT OTHERWISE HAVE UNDER ANY SUCH LAW WITH REGARD TO THE RELEASE OF UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS.

4. Releases by Holders of Claims and Interests

Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date and for good and valuable consideration, the adequacy of which is hereby confirmed, and except as may be otherwise ordered by the Bankruptcy Court, Holders of Claims and Interests (other than Holders of Claims against or Interests in Falcon) that (i) vote to accept or reject the Plan and (ii) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph, shall be deemed to have released and forever waived and discharged the Third-Party Released Parties from all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors or their Affiliates, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Third-Party Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiations, formulation, or preparation of the Plan, the related Disclosure Statement, the related Plan Supplement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted by or on behalf of such Holders of Claims and Interests at any time up to the Effective Date against the Third-Party Released Parties, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations (except Cure Claims that have not been filed timely) of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

In the Second Circuit, enforcement of the release of claims held by third-parties against other non-debtor third-parties through a chapter 11 plan is governed by *Deutsche Bank AG, London Branch v. Metromedia Fiber Network, Inc. (In re Metromedia Fiber Network, Inc.)*, 416 F.3d 136 (2d Cir. 2005) and its progeny. The court in *Metromedia* held that "[n]ondebtor releases may [] be tolerated if the affected creditors consent." *Id.* at 142. The Plan (as explained further on the face of the applicable Ballots) includes a mechanism that provides affected creditors and interest holders with an option to opt-out of granting the Third-Party Releases. Accordingly, the

Third-Party Releases are consistent with *Metromedia* and interpreting case law within the Southern District of New York.

5. Exculpation

Except as may be otherwise ordered by the Bankruptcy Court, on and after the Effective Date, none of the Exculpated Parties shall have or incur any liability for, and each Exculpated Party is hereby released from, any claim, cause of action, or liability for any act or omission that occurred during and in connection with the Chapter 11 Cases or in connection with the preparation and filing of the Chapter 11 Cases, the formulation, negotiation, and/or pursuit of confirmation of the Plan, the consummation of the Plan, and/or the administration of the Plan and/or the property to be distributed under the Plan, except for claims, causes of action, or liabilities arising from the gross negligence, willful misconduct, fraud, or breach of the fiduciary duty of loyalty of any Exculpated Party, in each case subject to determination of such by Final Order and provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under the Plan. Without limiting the generality of the foregoing, the Exculpated Parties shall be entitled to and granted the protections and benefits of section 1125(e) of the Bankruptcy Code.

6. Injunction Related to Releases and Exculpation

To the fullest extent allowed by law, and except as otherwise provided in the Plan or the Confirmation Order, all Persons that have held, currently hold, or may hold claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities that are released, waived, or exculpated pursuant to Sections 9.2.1, 9.2.2, 9.2.3, 9.2.4, and 9.2.5 of the Plan (see Sections XII.B.1. – XII.B.5. above) are permanently enjoined, on and after the Effective Date, from taking or causing any other Person to take, any of the following actions, at any time or at any place in the world, on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities: (i) commencing or continuing in any manner any action or other proceeding of any kind against a Released Party or Exculpated Party with respect to any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities; (iii) creating, perfecting, or enforcing any Lien or encumbrance against any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation due to any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities; and (v) commencing or continuing any action, in any manner, in any place in the world that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Such injunction shall extend to any successor of any Released Party or any Exculpated Party or any of its or their assets. Any Person entitled to

a Distribution pursuant to the Plan that is found by the Bankruptcy Court to have willfully violated the injunction set forth in Section 9.2.6 of the Plan shall be deemed to have forfeited all rights to such Distribution or any other benefits under the Plan, and shall have no claim whatsoever with respect thereto against the New Holding Companies, the Debtors, their Estates, the Reorganized Debtors, their property, or any Holder of an Allowed Claim or Interest that has received any Distributions under the Plan. Any Person injured by any willful violation of the injunction set forth in Section 9.2.6 of the Plan shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

C. NO SUCCESSOR LIABILITY

Except as otherwise expressly provided in the Plan, none of the Released Parties, the New Holding Companies, or the Reorganized Debtors shall be determined to be successors to any of the Debtors with respect to any obligations for which the Debtors may be held legally responsible, by reason of any theory of law or equity, and none can be responsible for any successor or transferee liability of any kind or character. The Released Parties, the New Holding Companies, and the Reorganized Debtors do not agree to perform, pay, or indemnify creditors or otherwise have any responsibilities for any liabilities or obligations of the Debtors, whether arising before, on, or after the Confirmation Date, except as otherwise expressly provided in the Plan.

D. RELEASE OF LIENS AND INDEMNITY

Except as otherwise expressly provided in the Plan, the Confirmation Order will release any and all prepetition Liens against the Debtors, the Reorganized Debtors, and any of their Assets.

E. TERM OF INJUNCTIONS

All injunctions or stays provided in, or in connection with, the Chapter 11 Cases, whether pursuant to section 105, section 362, or any other provision of the Bankruptcy Code, other applicable law or court order, in effect immediately prior to Confirmation will remain in full force and effect until the Effective Date and shall remain in full force and effect thereafter if so provided in the Plan, the Confirmation Order or by their own terms. In addition, the Confirmation Order shall incorporate various release, injunction, discharge and exculpation provisions of the Plan which shall be in effect after the Effective Date and, on and after the Confirmation Date, the Debtors may seek further orders to preserve the status quo during the time between the Confirmation Date and the Effective Date or to enforce the provisions of the Plan.

F. BINDING EFFECT

The Plan shall be binding upon, and inure to the benefit of, the Debtors, the Reorganized Debtors, Holders of Claims and Interests, parties in interest, Persons, and Governmental Units and their respective successors and assigns, whether or not the Claims or Interests of any such Holder are Impaired under the Plan and whether or not such Holders have accepted the Plan or are entitled to receive any Distribution thereunder.

G. DISSOLUTION OF THE COMMITTEE

The Committee shall be dissolved on the later of (i) Effective Date, and (ii) the date on which any actions that the Committee has standing to prosecute are abandoned, withdrawn, or resolved by Final Order. The Committee shall not continue to exist thereafter except for the limited purposes of filing any remaining fee applications, and the Professionals retained by the Committee shall be entitled to compensation for services performed and reimbursement of expenses incurred in connection therewith. Upon dissolution of the Committee, the members of the Committee shall be released and discharged from all duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases.

H. POST-EFFECTIVE DATE RETENTION OF PROFESSIONALS

After the Effective Date, any requirement that professionals employed by the Debtors comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors shall be free to employ and compensate professionals in the ordinary course of business and without the need for Bankruptcy Court approval.

I. SURVIVAL OF CERTAIN INDEMNIFICATION OBLIGATIONS

The obligations of the Debtors, pursuant to the Debtors' operating agreements, certificates of incorporation or formation, articles of association, by-laws, or equivalent corporate governance documents, applicable statutes, or employment agreements, to indemnify individuals who during the course of the Chapter 11 Cases served as their respective directors, officers, managers, agents, employees, representatives, and professionals, in respect of all present and future actions, suits, and proceedings against any of such officers, directors, managers, agents, employees, representatives, and professionals, based upon any act or omission related to service with, for, or on behalf of the Debtors on or before the Effective Date, as such obligations were in effect at the time of any such act or omission, shall not be discharged or impaired by confirmation or consummation of the Plan but shall survive unaffected by the reorganization contemplated by the Plan and shall be performed and honored by the Reorganized Debtors regardless of such confirmation, consummation, and reorganization.

J. TERMINATION OF COMMITTEE CHALLENGE RIGHT

If SCB votes to accept the Plan and the Confirmation Order is entered confirming the Plan with the treatment set forth in Section 4.2.2 of the Plan, so long as neither the SCB Settlement nor the SCB Term Sheet has been terminated or otherwise modified without the Committee's consent, the Committee Challenge Right shall terminate and the Committee shall not have any right to challenge SCB's right to any SCB Adequate Protection Claim that is accrued prior to the Effective Date.

XIII. CONDITIONS PRECEDENT TO CONSUMMATION

A. CONDITIONS PRECEDENT

The Plan shall not become effective unless and until the following conditions have been satisfied or waived. The Debtors anticipate that all of such conditions to Confirmation and to the Effective Date will be satisfied or waived, and intend to present evidence at the Confirmation Hearing demonstrating such satisfaction or waiver. Notwithstanding the foregoing, there is a risk that some or all of the conditions to Confirmation or the Effective Date will not be satisfied or waived. *See* "Risk Factors", at Section XVIII.A.3. hereof.

1. Conditions to Confirmation

a. Disclosure Statement Approval Order

The Disclosure Statement Approval Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable in all material respects to the Debtors.

b. Plan Supplement

All documents to be provided in the Plan Supplement are in form and substance reasonably acceptable in all material respects to the Debtors, and have been filed with the Bankruptcy Court.

c. Confirmation Order

The Confirmation Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable in all material respects to the Debtors, and must provide for the confirmation of the Plan with respect to each Debtor.

d. Approval of Settlements

The Bankruptcy Court shall have entered an order, which order may be the Confirmation Order, approving the settlements implemented by the Plan, including, without limitation, the Senior Management Global Settlement, the HQ Settlement, and the settlements embodied in the Cooperation Settlement Term Sheet.

2. Conditions to Effective Date

a. Confirmation Order

The Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable in all material respects to the Debtors.

b. No Stay of Confirmation

There shall not be in force any order, decree, or ruling of any court or governmental body having jurisdiction, restraining, enjoining, or staying the consummation of, or rendering illegal the transactions contemplated by, the Plan.

c. Receipt of Required Authorization

All authorizations, consents, and regulatory approvals (if any) necessary to effectuate the Plan shall have been obtained.

d. Cayman Order

The Cayman Court shall have entered the Cayman Order in form and substance reasonably acceptable in all material respects to the Debtors.

e. Exit Facility

The documents evidencing the Exit Facility shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

f. New SCB Facility

The documents evidencing the New SCB Facility shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

g. Sukuk Facility

The documents evidencing the Sukuk Facility shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

h. Implementation Transactions

The transactions described in the Implementation Memorandum that are required to be completed on or before the Effective Date have been completed in a manner reasonably acceptable in all material respects to the Debtors.

i. Cooperation Settlement Term Sheet

The definitive documents implementing the Cooperation Settlement Term Sheet, including, without limitation, the Management Services Agreement, shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

j. HQ Settlement Agreement

The HQ Settlement Agreement shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such HQ Settlement Agreement shall have been satisfied or waived.

3. Waiver

Any of the conditions set forth in Sections 10.1.1 and 10.1.2 of the Plan (*See* Sections XIII.A.1. and XIII.A.2. above), other than those contained in Sections 10.1.1.1, 10.1.2.1 and 10.1.2.4 of the Plan, may be waived by the Debtors with the consent of the Committee.

B. EFFECT OF FAILURE OF CONDITIONS UPON THE PLAN

In the event that the conditions specified in Section 10.1 of the Plan (*see* Section XIII.A. above) have not been satisfied or waived in accordance with Section 10.1.3 of the Plan (*see* Section XIII.A.3. above) on or before 120 days after the Confirmation Date, then, the Debtors may seek an order from the Bankruptcy Court vacating the Confirmation Order. Such request shall be served upon counsel for SCB, the JPLs, the Committee, the U.S. Trustee, and all parties listed on the Master Service List established in the Chapter 11 Cases. If the Confirmation Order is vacated: (i) the Plan shall be null and void in all respects; (ii) any settlement of Claims or Interests provided for hereby shall be null and void without further order of the Bankruptcy Court; and (iii) the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of 60 days after the date the Confirmation Order is vacated.

XIV. RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan (other than interpretation or enforcement of the Cayman Order) to the fullest extent permitted by law, including, among other things, jurisdiction to:

- allow, disallow, determine, liquidate, classify, estimate, or establish the priority or Secured or unsecured status of any Claim or Interest, including, without limitation, the resolution of any request for payment of any Administrative Expense Claim or Priority Tax Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

- hear and rule upon all Causes of Action retained by the Debtors and commenced and/or pursued by the Debtors or the Reorganized Debtors;

- resolve any matters related to: (i) the rejection, assumption, or assumption and assignment of any Executory Contract or Unexpired Lease to which any Debtor is a party or with respect to which the Debtors may be otherwise liable and to hear, determine, and, if necessary, liquidate any Claims arising

therefrom, including, without limitation, any Cure Claim; (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed by any of the Debtors; and (iii) any dispute regarding whether a contract is or was executory or a lease is or was expired;

- ensure that Distributions on account of Allowed Claims are accomplished pursuant to the provisions of the Plan;

- decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications that may be pending on the Effective Date;

- adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

- enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;

- enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

- resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any contract, instrument, release, or other agreement or document that is executed or created pursuant to the Plan, or any Person's rights arising from or obligations incurred in connection with the Plan or such documents;

- approve any modification of the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or approve any modification of the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

- hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 330, 331, 363, 503(b), 1103, and 1129(a)(9) of the Bankruptcy Code, which shall be payable by the Debtors, or the Reorganized Debtors, as applicable, only upon allowance thereof pursuant to the order of the Bankruptcy Court; *provided*, *however*, that the fees and expenses of the Debtors incurred after the Effective

Date, including attorneys' fees, may be paid by the Reorganized Debtors in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

- issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation, or enforcement of the Plan or the Confirmation Order;

- hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

- enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated, or if Distributions pursuant to the Plan are enjoined or stayed;

- determine any other matters that may arise in connection with or related to the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement, or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;

- enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

- hear and determine all matters related to (i) the property of the Debtors and the Estates from and after the Confirmation Date, including, without limitation, any dispute as to (a) whether property (including any insurance policies and/or the proceeds thereof) is property of the Estates or (b) turnover of property of the Estates, in accordance with sections 541, 542, and 543 of the Bankruptcy Code, and (ii) the activities of the Debtors or the Reorganized Debtors;

- enter an order or final decree concluding or closing the Chapter 11 Cases; and

- hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code.

XV. MISCELLANEOUS PROVISIONS OF THE PLAN

A. PLAN SUPPLEMENT

No later than 10 days prior to the Confirmation Hearing, the Debtors shall File with the Bankruptcy Court the Plan Supplement, which shall contain such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and

conditions of the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement upon written request to the Balloting and Claims Agent.

B. LIMITATIONS ON POST EFFECTIVE DATE REPORTING AND NO BONDING REQUIRED

Because the Debtors are emerging from the Chapter 11 Cases as reorganized entities, and are not being liquidated by a trustee, bonding requirements that might otherwise be applicable to a liquidating enterprise are not applicable with respect to the implementation of the Plan. After the Effective Date, the Debtors will not provide the Bankruptcy Court or any party in interest with the financial or operating reports that were required to be provided during the pendency of the Chapter 11 Cases by the Bankruptcy Rules or the U.S. Trustee Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees. However, creditors that hold the Sukuk Obligations will receive financial reporting in accordance with the requirements of the Sukuk Facility.

C. EXEMPTION FROM REGISTRATION REQUIREMENTS

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and Distribution of any securities contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any state or local law requiring registration prior to the offering, issuance, distribution, or sale of securities. In addition, any securities contemplated by the Plan will be tradable by the recipients thereof, subject to: (i) the provisions of section 1145(b)(1) of the Bankruptcy Code; and (ii) the contractual restrictions, if any, on the transferability of such securities and instruments.

D. STATUTORY FEES

All fees payable pursuant to section 1930 of title 28 of the United States Code, shall be paid (i) by the Debtors on or before the Effective Date, and (ii) by the Reorganized Debtors after the Effective Date.

E. THIRD-PARTY AGREEMENTS

The Distributions to the various Classes of Claims and Interests under the Plan shall not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such Distributions by reason of any claimed subordination rights or otherwise. All of such rights and any agreements relating thereto shall remain in full force and effect, except as compromised and settled pursuant to the Plan. Distributions shall be subject to and modified by any Final Order directing distributions other than as provided in the Plan.

F. AMENDMENT OR MODIFICATION OF THE PLAN

As provided in section 1127 of the Bankruptcy Code, modification of the Plan may be proposed in writing by the Debtors at any time before Confirmation, *provided*, that the Plan, as modified, shall meet the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Debtors may modify the Plan at any time after Confirmation and before consummation of the Plan, *provided*, that the Plan, as modified, shall meet the requirements of sections 1122 and 1123

of the Bankruptcy Code, the Debtors shall have complied with section 1125 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified. Except as specifically provided in the Plan, a Holder of a Claim that has accepted the Plan prior to modification shall be deemed to have accepted such Plan as modified, *provided* that the Plan, as modified, does not materially and adversely change the treatment of the Claim or Interest of such Holder.

G. SEVERABILITY

In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void, or unenforceable, the Debtors may, at their option (i) treat such provision as invalid, void, or unenforceable with respect to the Holder or Holders of such Claims or Interests that the provision is determined to be invalid, void, or unenforceable, in which case such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan, or (ii) amend or modify, in accordance with Section 12.5 of the Plan (*see* Section XV.F. above), or revoke or withdraw the Plan, in accordance with Section 12.7 of the Plan (*see* Section XV.H. below).

H. REVOCATION OR WITHDRAWAL OF THE PLAN

The Debtors reserve the right, in their sole discretion, to revoke and withdraw the Plan or to adjourn the Confirmation Hearing at any time prior to the occurrence of the Effective Date. If the Debtors revoke or withdraw the Plan, or if Confirmation or consummation does not occur, then (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (iii) nothing contained in the Plan shall (a) constitute a waiver or release of any Claims by or against, or Interests in, such Debtors or any claims against any other Person, (b) prejudice in any manner the rights of such Debtors or any other Person, or (c) constitute an admission of any sort by the Debtors or any other Person.

For the avoidance of doubt, if the Confirmation Hearing is adjourned, the Debtors reserve the right to amend, modify, revoke or withdraw the Plan and/or submit any new plan of reorganization at such times and in such manner as they consider appropriate, subject to the provisions of the Bankruptcy Code.

I. RULES GOVERNING CONFLICTS BETWEEN DOCUMENTS

To the extent any provision of the Disclosure Statement or any other solicitation document may be inconsistent with the terms of the Plan, the terms of the Plan shall be binding and conclusive. In the event of a conflict between the terms or provisions of the Plan and any Plan Documents other than the Plan, the terms of the Plan shall control over such Plan Documents. In the event of a conflict between the terms of the Plan or the Plan Documents, on the one hand, and the terms of the Confirmation Order, on the other hand, the terms of the Confirmation Order shall control.

J. GOVERNING LAW

Except to the extent that federal law (including, but not limited to, the Bankruptcy Code and the Bankruptcy Rules) is applicable or the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to its conflicts of law principles.

K. NOTICES

Any notice required or permitted to be provided under the Plan shall be in writing and served by either (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) overnight delivery service, charges prepaid. If to the Debtors, any such notice shall be directed to the following at the addresses set forth below:

Arcapita Bank B.S.C.(c)
Arcapita Bank Building
Bahrain Bay, P.O. Box 1406
Manama, Kingdom of Bahrain
Attention: Henry A. Thompson

-- with copies to –

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166-0193
Attention: Michael A. Rosenthal, Esq.
Craig H. Millet, Esq.
Matthew K. Kelsey, Esq.

L. NO ADMISSIONS

As to contested matters, adversary proceedings, and other causes of action or threatened causes of action, nothing in the Plan, the Plan Supplement, the Disclosure Statement, or other Plan Documents shall constitute or be construed as an admission of any fact or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations. The Plan shall not be construed to be conclusive advice on the tax, securities, and other legal effects of the Plan as to Holders of Claims against, or Interests in, the Debtors or any of their subsidiaries and Affiliates.

M. EXHIBITS

All Exhibits and Schedules to the Plan are incorporated into and are a part of the Plan as if set forth in full in the Plan.

XVI. SOLICITATION AND VOTING PROCEDURES

The following briefly summarizes procedures to accept and confirm the Plan:

A. THE SOLICITATION PACKAGE

The following materials constitute the Solicitation Package:

- a written notice of (i) entry of the Disclosure Statement Approval Order, (ii) the deadline for voting on the Plan, (iii) the date of the Confirmation Hearing, and (iv) the deadline and procedures for filing objections to the Confirmation of the Plan;
- the Plan (either by paper copy or in "pdf" format on a CD-ROM, at the Debtors' discretion);
- this Disclosure Statement (either by paper copy or in "pdf" format on a CD-ROM, at the Debtors' discretion);
- the appropriate Ballot, Ballot Instructions, and Ballot return envelope;
- any statements in support of the Plan issued by the Committee or otherwise that are approved by the Debtors for inclusion in the Solicitation Package; and
- such other information as the Bankruptcy Court may direct or approve.

The Classes entitled to vote to accept or reject the Plan shall be served the Solicitation Package. The Debtors shall send to each Impaired creditor entitled to vote on the Plan (a) only the Solicitation Package appropriate for the Class(es) applicable to such creditor, and (b) only one Solicitation Package even if such creditor has Claims against more than one of the Debtors. The Solicitation Package can be obtained by requesting a copy from the Debtors' Balloting and Claims Agent by calling the following telephone numbers: Toll Free: (800) 762-7029, International: +1 (440) 389-7311.

B. VOTING INSTRUCTIONS

Claimants who hold Claims against or Interests in the Debtors on the Record Date which are in Classes 2(a)-(f), 4(a)-(b), 5(a)-(b), 5(g), 6(a), 7(a)-(b), 7(g), 8(a), 8(g) and 9(g) in the Plan, are entitled to vote to accept or reject the Plan (the "***Voting Parties***") subject to the following conditions:

a) Holders, as of the Record Date, of Claims in the Voting Classes and listed on the Debtors' Schedules are entitled to vote on the Plan provided that the Claims (i) are listed in an amount greater than zero and are not identified as contingent, unliquidated or disputed, or in an unknown amount, and (ii) have not been superseded by a timely filed Proof of Claim;

b) Holders, as of the Record Date, of Claims or Interests in the Voting Classes that have timely filed a Proof of Claim or Proof of Interest are entitled to vote on the Plan provided that (i) the Claim or Interest is in an amount greater than zero, (ii) as of the Record Date the Claim or Interest has not been disallowed, expunged, or disqualified by an order of the Bankruptcy Court, and (iii) as of the Voting Purposes Objection Deadline (defined in the Disclosure Statement Approval Order), no objection to the Claim or Interest has been filed, including an objection pursuant to section 502(d) of the Bankruptcy Code; and

c) With respect to Syndicated Facility Claims and Arcsukuk Claims, only Holders of the Syndicated Facility and/or the Arcsukuk Facility (as applicable) as of the Record Date are entitled to vote on the Plan. Any transferee of a Syndicated Facility Claim and/or Arcsukuk Claim acquired through a participation agreement will not be entitled to vote the Syndicated Facility Claim and/or Arcsukuk Claim acquired, but the transferee may direct the Holder as of the Record Date to vote the Syndicated Facility Claim and/or Arcsukuk Claim as and, to the extent permitted, in the applicable participation agreement.

The Voting Parties may vote by completing the Ballot and returning it in the envelope provided, or by overnight mail, personal delivery or electronic mail to the Balloting and Claims Agent so that it is *actually received* by the Voting Deadline. Voting Instructions are attached to each Ballot.

EACH BALLOT ADVISES CREDITORS AND HOLDERS OF INTERESTS THAT, IF THEY VOTE ON THE PLAN AND DO NOT ELECT TO OPT OUT OF THE RELEASE PROVISIONS CONTAINED IN SECTION 9.2.4 OF THE PLAN, THEY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE THIRD-PARTY RELEASED PARTIES.

The Company has engaged GCG, Inc. as the Balloting and Claims Agent to assist in the solicitation process. The Balloting and Claims Agent will, among other things, answer questions, provide additional copies of all Solicitation Package materials, and generally oversee the solicitation process. The Balloting and Claims Agent will also process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan and will File the Voting Report as soon as practicable before the Confirmation Hearing. Additional copies of the Solicitation Package (except Ballots) can be obtained from the Balloting and Claims Agent as follows:

Arcapita Bank B.S.C.(c) - Ballot Processing
c/o GCG
P.O. Box 9881
Dublin, Ohio 43017-5781
Toll Free: (800) 762-7029
International: +1 (440) 389-7311
Email: ArcapitaBankInfo@gcginc.com

The deadline to vote on the Plan is 12:00 p.m. (Prevailing U.S. Eastern Time) on May 30, 2013.

If you are casting a Ballot on behalf of another Person or entity, in order for the Ballot to be counted, you shall indicate the name of the Person or entity, your relationship with such Person or entity, the amount of the Claim(s) or Interest(s) being voted and the capacity in which you are casting the Ballot.

All Ballots must be properly executed, completed and delivered to the Balloting and Claims Agent, so as to actually be received on or before the Voting Deadline by using the envelope provided, or by delivery as follows:

(A) If by first class mail:

Arcapita Bank B.S.C.(c) – Ballot Processing
c/o GCG
P.O. Box 9881
Dublin, Ohio 43017-5781
Toll Free: (800) 762-7029
International: +1 (440) 389-7311

(B) If by overnight courier or hand delivery:

Arcapita Bank B.S.C.(c) – Ballot Processing
c/o GCG
5151 Blazer Parkway, Suite A
Dublin, Ohio 43017-5781
Toll Free: (800) 762-7029
International: +1 (440) 389-7311

(C) If by electronic Mail:

ArcapitaBallotProcessing@gcginc.com
Subject Line: Attention: Arcapita Bank B.S.C.(c) Ballot Processing
Toll Free: (800) 762-7029
International: +1 (440) 389-7311

If you have any questions on the procedures for voting on the Plan, please call the Balloting and Claims Agent at the following telephone numbers: Toll Free: (800) 762-7029, International: +1 (440) 389-7311.

FOR PURPOSES OF THE "NUMEROSITY" REQUIREMENT OF SECTION 1126(C) OF THE BANKRUPTCY CODE BASED ON THE NUMBER AND AMOUNT OF THE CLAIMS OF THOSE CREDITORS WHO ACTUALLY VOTE ON THE SUBPLANS, SEPARATE CLAIMS HELD BY A SINGLE CREDITOR IN A PARTICULAR CLASS AS TO A PARTICULAR DEBTOR WILL BE AGGREGATED AND TREATED AS IF THE CREDITOR HELD ONE CLAIM IN THAT CLASS, AND ALL VOTES RELATED TO THE CLAIM WILL BE TREATED AS A SINGLE VOTE TO ACCEPT OR REJECT THE

SUBPLAN. BALLOTS THAT FAIL TO CONFORM TO THE INSTRUCTIONS IN THE APPLICABLE BALLOT *WILL NOT BE COUNTED FOR ANY PURPOSE*, INCLUDING THE SATISFACTION OF "NUMEROSITY" UNDER SECTION 1126(C) OF THE BANKRUPTCY CODE.

CLAIMAINTS MUST VOTE ALL OF THEIR CLAIMS OR INTERESTS WITHIN A PARTICULAR CLASS AS TO A PARTICULAR SUBPLAN TO EITHER ACCEPT OR REJECT THE APPLICABLE SUBPLAN AND MAY NOT SPLIT THEIR VOTE AS TO ANY SINGLE SUBPLAN. A BALLOT THAT PARTIALLY REJECTS AND PARTIALLY ACCEPTS A SUBPLAN *SHALL NOT BE COUNTED FOR ANY PURPOSE* AS TO THAT SUBPLAN.

ANY BALLOT THAT BOTH ACCEPTS AND REJECTS A SUBPLAN *WILL NOT BE COUNTED FOR ANY PURPOSE* AND WILL BE TREATED AS IF NO BALLOT WAS SUBMITTED AS TO THAT SUBPLAN.

ANY BALLOT THAT FAILS TO EITHER ACCEPT OR REJECT A SUBPLAN *WILL NOT BE COUNTED FOR ANY PURPOSE* AND WILL BE TREATED AS IF NO BALLOT WAS SUBMITTED AS TO THAT SUBPLAN.

A BALLOT WHICH IS OTHERWISE PROPERLY EXECUTED AND RECEIVED PRIOR TO THE VOTING DEADLINE, THAT INCLUDES A VOTE TO EITHER ACCEPT OR REJECT ONE OR MORE SUBPLANS, BUT FAILS TO INCLUDE A VOTE TO EITHER ACCEPT OR REJECT ANOTHER SUBPLAN ON WHICH THE CREDITOR OR HOLDER OF INTEREST IS ENTITLED TO VOTE, SHALL BE COUNTED ONLY AS TO THE SUBPLAN ON WHICH THE CLAIMANT VOTED *AND SHALL NOT BE COUNTED FOR ANY PURPOSE* AS TO THE SUBPLAN ON WHICH THE CLAIMANT FAILED TO VOTE.

UNSIGNED BALLOTS WILL NOT BE COUNTED FOR ANY PURPOSE.

ONLY BALLOTS THAT ARE TIMELY RECEIVED PRIOR TO THE VOTING DEADLINE WILL BE COUNTED. BALLOTS POSTMARKED PRIOR TO THE VOTING DEADLINE, BUT RECEIVED AFTER THE VOTING DEADLINE, *SHALL NOT BE COUNTED FOR ANY PURPOSE*, UNLESS THE DEBTORS, IN THEIR SOLE DISCRETION, ELECT TO ACCEPT THE BALLOT.

BALLOTS THAT ARE NOT LEGIBLE, THAT ARE NOT PROPERLY COMPLETED, THAT FAIL TO CONTAIN SUFFICIENT INFORMATION TO PERMIT THE IDENTIFICATION OF THE CLAIMANT OR THE AUTHORITY OF THE PARTY ACTING ON BEHALF OF A CLAIMANT, OR OTHERWISE DO NOT COMPLY WITH THE INSTRUCTIONS IN THE APPLICABLE BALLOT, SHALL NOT BE COUNTED FOR ANY PURPOSE; UNLESS THE DEBTORS, IN THEIR SOLE DISCRETION, PERMIT THE VOTING CLAIMANT TO CURE ANY DEFECT OR PROVIDE THE MISSING INFORMATION.

IF, PRIOR TO THE VOTING DEADLINE, A CLAIMANT CASTS MORE THAN ONE BALLOT AS TO THE SAME CLAIM(S) OR INTEREST(S) AND AS TO THE

SAME SUBPLAN(S), THE LAST PROPERLY EXECUTED BALLOT RECEIVED PRIOR TO THE VOTING DEADLINE SHALL BE DEEMED TO BE THE CLAIMANT'S FINAL VOTE AND SHALL SUPERSEDE ANY PRIOR BALLOTS. A DUPLICATE BALLOT RECEIVED AFTER THE VOTING DEADLINE SHALL NOT BE COUNTED AND SHALL NOT SUPERSEDE ANY EARLIER BALLOT, EXCEPT AS PROVIDED ABOVE.

IF A CLAIMANT SIMULTANEOUSLY SUBMITS DUPLICATE BALLOTS WITH VOTES THAT CONTRADICT ONE ANOTHER WITH RESPECT TO THE SAME CLAIM OR INTEREST AND AS TO THE SAME PLAN OR SUBPLAN, THEN *NEITHER BALLOT SHALL BE COUNTED FOR ANY PURPOSE AS TO ANY SUBPLAN ON WHICH THE CREDITOR* AND/OR HOLDER OF INTERESTS *VOTES TO BOTH ACCEPT AND REJECT THE SUBPLAN.*

EACH CLAIMANT SHALL BE DEEMED TO HAVE VOTED THE FULL AMOUNT OF ITS CLAIM OR INTEREST AS TO THE PLAN OR ANY SUBPLAN ON WHICH A TIMELY BALLOT IS RECEIVED AND IS COUNTED.

EXCEPT AS OTHERWISE ORDERED BY THE BANKRUPTCY COURT, ANY ISSUE AS TO THE VALIDITY, FORM, ELIGIBILITY (INCLUDING TIME OF RECEIPT), ACCEPTANCE, AND REVOCATION OR WITHDRAWAL OF BALLOTS SHALL BE DETERMINED BY THE BALLOTING AND CLAIMS AGENT AND THE DEBTORS IN THEIR SOLE DISCRETION, WHICH DETERMINATION SHALL BE FINAL AND BINDING.

ALL BALLOTS ARE ACCOMPANIED BY RETURN ENVELOPES. IT IS IMPORTANT TO FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON EACH BALLOT.

<u>For all Holders of Claims in Classes 2(a)-(f), 4(a)-(b), 5(a)-(b), 5(g), 6(a), 7(a)-(b), 7(g), 8(a), 8(g) and 9(g)</u>:

By signing and returning a Ballot, each Holder of a Claim in Classes 2(a)-(f), 4(a)-(b), 5(a)-(b), 5(g), 6(a), 7(a)-(b), 7(g), 8(a), 8(g) and 9(g) will be certifying to the Bankruptcy Court and the Debtors that, among other things:

- as of the Record Date, the undersigned was the Holder of the Claim(s) or Interest(s) set forth in Item 1 of the Ballot or has the power and authority to act as the agent of the Holder to vote to accept or reject the Plan or Subplans on behalf of the Holder of the Claim(s) or Interest(s);

- the undersigned has been provided with a copy of the Plan and this Disclosure Statement;

- the undersigned acknowledges and understands that the solicitation of votes to accept or reject the Plan or Subplans is subject to all of the terms and conditions set forth in the Disclosure Statement;

- the undersigned has carefully read the Ballot and the included instructions and voting rules contained therein;

- if he or it desired to do so, the Holder of the Claim(s) or Interest(s) referenced in the Ballot, had the opportunity to consult legal advisers or other advisers before casting his or its vote; and

- the election and vote reflected on the Ballot is binding on the holder's successors, heirs and assigns including, without limitation, any transferee.

Receipt of a Ballot shall not be deemed to be a waiver of any rights of the Debtors to object to any Claims, any right asserted in any pending Claim Objection or any right later asserted in any subsequent Claim Objection.

For all Holders of Claims in Classes 1(a)-(g), 3(a)-(g), 5(c)-(f), 7(c)-(f), 9(a)-(f), 10(a), and 10(g):

Holders of claims and interests in classes 1(a)-(g), 3(a)-(g), 5(c)-(f), 7(c)-(f), 9(a)-(f), 10(a), and 10(g) are either presumed to have accepted the Plan or deemed to have rejected the Plan and are not entitled to vote (collectively, the "***Non-Voting Parties***"). The Non-Voting Parties will not receive a Ballot and instead will receive a Non-Voting Holder Notice together with a notice of the Confirmation Hearing.

If a Non-Voting Holder has timely filed a Proof of Claim or Proof of Interest and disagrees with the Debtors' classification of its Claim or Interest or objection to its Claim or Interest and believes that it should be entitled to vote on the Plan, then the Non-Voting Holder must serve a motion (a "***Temporary Allowance Motion***") for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing your claim for purposes of voting on the Plan, on: (i) counsel for the Debtors, Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, New York 10166 (Attn: Michael A. Rosenthal, Esq., Craig H. Millet, 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) Sidley Austin LLP, Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA (Attn: Patrick Corr, Esq. and Benjamin Klinger, Esq., as counsel for Gordon MacRae and Simon Appell of Zolfo Cooper (Cayman) Limited as joint provisional liquidators of AIHL in its Cayman Island provisional liquidation proceedings; and (iv) counsel for the Official Committee of Unsecured Creditors, Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005 (Attn: Dennis F. Dunne, Esq. and Evan R. Fleck, Esq.) and file the Temporary Allowance Motion with the Bankruptcy Court (with a copy to the chambers of the Honorable Sean H. Lane, United States Bankruptcy Judge, One Bowling Green, New York, New York 10004-1408, Room 701). All Temporary Allowance Motions must be filed on or before the 14th day after the later of either (i) the date of service of the Confirmation Hearing Notice or (ii) the date of service of an objection to your Claim or Interest, but in any event, not later than **May 15, 2013 at 4:00 p.m. (prevailing Eastern Time)**. Temporary Allowance Motions not complying with the foregoing will not be considered by the Bankruptcy Court, except as otherwise ordered by the Bankruptcy Court, and may be denied without a hearing.

If an order granting a Temporary Allowance Motion is entered, the Claimant may contact GCG at **toll free: (800) 762-7029 or international: +1 (440) 389-7311** to request a Ballot.

For Holders of Interests in Class 9(a):

In addition to the Confirmation Hearing Notice and the Non-Voting Holder Notice, each holder on Interests in Class 9(a) will receive a notice which provides a summary description of the relevant provisions of the Shareholder Acknowledgment and Assignment and related Plan treatment with respect thereto.

C. VOTING TABULATION

To ensure that a vote is counted, the Holder of a Claim or Interest should: (a) complete a Ballot; (b) indicate the Holder's decision either to accept or reject the Plan (or individual Subplans) in the applicable boxes provided in the Ballot; and (c) sign and timely return the Ballot in the manner and to the addresses set forth in the Ballot Instructions by the Voting Deadline.

The Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or Proof of Interest or an assertion or admission of a Claim or Interest. Only Holders of Claims or Interests in the voting Classes shall be entitled to vote with regard to such Claims or Interests.

Ballots received after the Voting Deadline will not be counted, unless the Debtors, in their sole discretion, elect to accept the Ballot. The method of delivery of the Ballots to be sent to the Balloting and Claims Agent is at the election and risk of each Holder of a Claim or Interest. A Ballot will be deemed delivered only when the Balloting and Claims Agent actually receives the executed Ballot. Delivery of a Ballot to the Balloting and Claims Agent by facsimile will not be accepted. No Ballot should be sent to the Debtors, the Debtors' agents (other than the Balloting and Claims Agent), or the Debtors' financial or legal advisors. The Debtors expressly reserve the right to amend from time to time the terms of the Plan (subject to compliance with the requirements of section 1127 of the Bankruptcy Code and the terms of the Plan regarding modifications). The Bankruptcy Code requires the Debtors to disseminate additional solicitation materials if the Debtors make material changes to the terms of the Plan or if the Debtors waive a material condition to Plan Confirmation. In that event, the solicitation will be extended to the extent directed by the Bankruptcy Court.

In the event a designation of lack of good faith with respect to a Claim is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept and/or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected.

Neither the Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification.

The Balloting and Claims Agent will file the Voting Report with the Bankruptcy Court. The Voting Report shall, among other things, delineate every Ballot that does not conform to the Voting Instructions or that contains any form of irregularity (each an "***Irregular Ballot***") including, but not limited to, those Ballots that are late or (in whole or in material part) illegible, unidentifiable, lacking signatures or lacking necessary information, received via facsimile, or damaged. The Voting Report also shall indicate the Debtors' intentions with regard to such Irregular Ballots.

XVII. CONFIRMATION PROCEDURES

A. CONFIRMATION HEARING

The Confirmation Hearing shall occur on June 11, 2013 at 11:00 a.m. (Prevailing U.S. Eastern Time), or as soon thereafter as counsel may be heard, 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, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, Room 701. Notice of the Confirmation Hearing will be provided in the manner prescribed by the Bankruptcy Court, and will also be available on the internet at www.gcginc.com/cases/arcapita. The Confirmation Hearing may be adjourned from time to time without further notice to creditors or other parties in interest other than by an announcement of the adjournment in open court at the Confirmation Hearing or by the filing of a notice of adjournment with the Bankruptcy Court. The Plan may be modified in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Plan, other applicable law or as ordered by the Bankruptcy Court, without further notice, prior to or as a result of the Confirmation Hearing.

B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (i) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (ii) they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (iii) the Plan has been proposed in good faith. Specifically, the Debtors believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below:

- the Plan complies with the applicable provisions of the Bankruptcy Code;
- the Debtors, as the Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code;
- the Plan has been proposed in good faith and not by any means forbidden by law;
- any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment: (i) made before the Confirmation of

the Plan is reasonable; or (ii) subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after the Confirmation of the Plan;

- either each Holder of an Impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code, including pursuant to section 1129(b) of the Bankruptcy Code for Claims and Interests deemed not to accept the Plan;

- each Class of Claims or Interests that is entitled to vote on the Plan has accepted the Plan, or the Plan can be confirmed without the approval of such voting Class pursuant to section 1129(b) of the Bankruptcy Code;

- except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Expense Claims and Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable;

- if, with respect to any particular Debtor, a Class of Claims is Impaired under the Plan, at least one such Impaired Class against such Debtor has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class;

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan;

- the Debtors have paid the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court; and

- in addition to the filing fees paid to the clerk of the Bankruptcy Court, the Debtors will pay quarterly fees no later than the last day of the calendar month following the calendar quarter for which the fee is owed in the Debtors' Chapter 11 Cases for each quarter (including any fraction thereof), to the Office of the U.S. Trustee, until the Chapter 11 Cases are closed.

1. Best Interests of Creditors Test/Liquidation Analysis

Section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. This is commonly referred to as the "best interests" test. To make these findings, the bankruptcy court must: (a) estimate the cash liquidation proceeds that a chapter 7 trustee would generate if the debtor's chapter 11 case was

converted to a chapter 7 case and the assets of the debtor's estate were liquidated; (b) determine the liquidation distribution that each non-accepting holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare such holder's liquidation distribution to the distribution under the plan that such holder would receive if the plan were confirmed.

In chapter 7 cases, creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests.

The Plan complies with the "best interests" test of section 1129(a)(7) of the Bankruptcy Code. In addition, with respect to AIHL, the Plan results in Distributions to the Creditors of AIHL that are not less than what such Creditors would receive if AIHL were liquidated under the laws of the Cayman Islands. **Exhibit B** attached hereto compares the Distributions under the Plan to the distributions that each class of the Debtors' Creditors would receive in a chapter 7 liquidation of the Debtors. In addition, in the case of AIHL, **Exhibit B** provides a discussion of the effects of a hypothetical liquidation proceeding in the Cayman Islands, and the Debtors' view that a liquidation proceeding in the Cayman Islands is not likely to lead to a greater recovery to the AIHL Creditors than what is projected under the Plan.

To prepare the Liquidation Analysis, A&M first estimated the range of proceeds that might be generated from a hypothetical chapter 7 liquidation of the Debtors' assets by a chapter 7 trustee charged with reducing to cash any and all of such assets in an orderly manner. The gross amount of cash available from such hypothetical chapter 7 liquidation would be the sum of the cash held by the Debtors at the time of the commencement of the hypothetical chapter 7 liquidation plus the proceeds from the disposition of the Debtors' non-cash assets, reduced by the costs and expenses of the liquidation. Any net cash was allocated in the Liquidation Analysis to the creditors of the Debtors in strict compliance with the distribution priorities set forth in section 726 of the Bankruptcy Code.

A&M then valued the recoveries to each impaired creditor class under the Plan and compared such recoveries to the recoveries that such creditors would receive in a hypothetical chapter 7 liquidation. The Liquidation Analysis demonstrates that, with respect to every Class of Creditors, the Creditors in such Class receive more, and in some cases substantially more, than they would receive in a hypothetical chapter 7 liquidation of the relevant Debtor.

For example, the Plan and Liquidation Analysis demonstrate that: (a) each Holder of SCB Claims receives property with a value equal to 100% of its Claims under the Plan, compared to a recovery of 100% in a hypothetical chapter 7 liquidation; (b) each Holder of Syndicated Facility Claims and/or Arcsukuk Claims receives property equal to 67.6% of its Claims under the Plan, compared to a recovery of 22.3% in a hypothetical chapter 7 liquidation; (c) each Holder of General Unsecured Claims against Arcapita Bank receives property with a value equal to 7.7% of its Claims under the Plan (*provided*, *however*, that any Holder who makes

the Convenience Class Election may receive up to 50% of their Claim), compared to a recovery of 4.2% in a hypothetical chapter 7 liquidation; (d) each Holder of General Unsecured Claims against AIHL receives property with a value equal to 59.9% of its Claims under the Plan, compared to a recovery of 18.9% in a hypothetical chapter 7 liquidation; and (e) each Holder of General Unsecured Claims against Debtors other than Arcapita Bank, AIHL, and Falcon receives property with a value equal to 100% of its Claims under the Plan, compared to a recovery of 0% in a hypothetical chapter 7 liquidation.

THE LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT MAY BE GENERATED AS A RESULT OF A HYPOTHETICAL CHAPTER 7 LIQUIDATION OF THE DEBTORS' ASSETS. UNDERLYING THE LIQUIDATION ANALYSIS ARE NUMEROUS ESTIMATES AND ASSUMPTIONS REGARDING LIQUIDATION PROCEEDS THAT, ALTHOUGH DEVELOPED AND CONSIDERED REASONABLE BY THE DEBTORS' MANAGEMENT AND ITS ADVISORS, ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC, COMPETITIVE, AND OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. IN ADDITION, VARIOUS LIQUIDATION DECISIONS UPON WHICH CERTAIN ASSUMPTIONS ARE BASED ARE SUBJECT TO CHANGE. THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS AND ESTIMATES EMPLOYED IN DETERMINING THE LIQUIDATION VALUES OF THE DEBTORS' ASSETS WILL RESULT IN AN ACCURATE ESTIMATE OF THE PROCEEDS THAT WOULD BE REALIZED WERE THE DEBTORS TO UNDERGO AN ACTUAL LIQUIDATION.

THE ACTUAL AMOUNT OF CLAIMS AGAINST THE DEBTORS' ESTATES COULD VARY SIGNIFICANTLY FROM THE ESTIMATES SET FORTH HEREIN, DEPENDING ON THE CLAIMS ASSERTED DURING THE PENDENCY OF THE DEBTORS' HYPOTHETICAL CHAPTER 7 CASES. ACCORDINGLY, THE ACTUAL LIQUIDATION VALUE OF THE DEBTORS IS SPECULATIVE IN NATURE AND COULD VARY MATERIALLY FROM THE ESTIMATES PROVIDED HEREIN.

The Liquidation Analysis is subject to the qualifications and assumptions described above and in the schedules attached as **Exhibit B**.

2. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that the bankruptcy court find that confirmation is not likely to be followed by the liquidation of the reorganized debtor or the need for further financial reorganization, unless the plan of reorganization contemplates such liquidation. For purposes of demonstrating that the Plan meets this "feasibility" standard, the Debtors analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their business.

In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies this feasibility standard, the Debtors, with the assistance of their financial and restructuring advisors, Rothschild and A&M, analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

The Debtors believe that, given their significantly de-leveraged capital structure after the Effective Date and the nature of the post-Effective Date obligations to be issued under the Plan, the Reorganized Debtors will have sufficient cash flow and loan availability to pay and service their obligations and to fund operations. This is demonstrated by the detailed Financial Projections (the "***Projections***"), attached as **Exhibit C**.[44]

A summary of the key assumptions and variables that underlie the Business Plan is presented together with the Projections. Pursuant to the Business Plan, the Debtors will undergo an orderly wind-down of their business operations and will not commence an expedited or fire-sale liquidation. Although the Debtors will not seek out new investment opportunities, the Business Plan contemplates that AIM will manage the remaining portfolios for the benefit of the creditors.

With respect to Falcon, the Plan provides that payments other than payments on account of Administrative Expense Claims will only be made to the extent that there is sufficient Falcon Available Cash to make such payments. As noted above, Falcon has sufficient Cash to pay its current and anticipated Administrative Expense Claims and to pay for defense of the District Court Action.

Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code.

The Projections are forward looking and are presented in this Disclosure Statement subject to the limitations set forth at pages i - v of this Disclosure Statement. Without limiting the generality of the foregoing, the Projections are based upon numerous assumptions that are an integral part of the Projections, including, without limitation, Confirmation and consummation of the Plan in accordance with its terms; realization of the Debtors' operating strategy for the Reorganized Debtors; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, including environmental legislation or regulations or generally accepted accounting principles; general business and economic conditions; competition; adequate financing; absence of material contingent or unliquidated litigation, indemnity or other claims; and other matters many of which will be beyond the control of the Reorganized Debtors and some or all of which may not materialize. To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. The Projections were not prepared in accordance with the standards for projections promulgated by the American Institute of Certified Public Accountants, IFRS, or any similar foreign body, or with a view to compliance with published guidelines of the SEC, or any foreign regulatory body, regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by the Debtors' independent public accountants. In addition, although they are presented with numerical specificity and the assumptions on which they are based are considered reasonable by the Debtors, the assumptions and estimates underlying the Projections are subject to significant business, economic and competitive uncertainties and contingencies, many of which will be

[44] The Projections assume that the existing Management Agreements and Administration Agreements shall remain in effect after the Effective Date, and the Reorganized Arcapita Group shall continue to receive all fees currently payable pursuant to the terms of those agreements, except for certain performance fees.

beyond the control of the Reorganized Debtors. Accordingly, the Projections are only estimates that are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. The Projections should therefore not be regarded as a representation by the Debtors or any other Person that the results set forth in the Projections will be achieved. Neither the Debtors' independent public accountants, nor any other independent accountants or financial advisors, have compiled, examined or performed any procedures with respect to the Projections nor have they expressed any opinion or any other form of assurance on such information or its achievability. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The projected financial information contained herein should not be regarded as a representation or warranty by the Debtors, the Reorganized Debtors, their advisors, or any other Person that the Projections can or will be achieved.

3. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan of reorganization, accept the plan.[45] A class that is not "impaired" under a plan of reorganization is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such obligation; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled or any fixed price at which the Debtors may redeem the security.

Section 1126(c) of the Bankruptcy Code defines "acceptance of a plan by a class of impaired claims" as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those claims that actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance. Section 1126(d) of the Bankruptcy Code defines "acceptance of a plan by a class of interests" as acceptance by holders of at least two-thirds in amount of the allowed interests in that class, but for that purpose counts only those interests that actually vote to accept or to reject the plan. Thus, a class of interests will have voted to accept the plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance.

The Claims and Interests in Classes 1(a)-(g), 3(a)-(g), 5(c)-(f), 7(c)-(f) and 9(b)-(f) are Unimpaired under the Plan, and, as a result, the Holders of such Claims and Interests are presumed to have accepted the Plan.

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[45] SCB contends that section 1129(a)(10) of the Bankruptcy Code applies on a per debtor basis and not a per plan basis. SCB asserts that if SCB does not vote to accept the Subplans of LT Holdings, WTHL, AEID II Holdings and Railinvest those Subplans cannot be confirmed. The Debtors reserve their rights to dispute any such arguments by SCB.

The Claims and Interests in Classes 2(a)-(f), 4(a)-(b), 5(a)-(b), 5(g), 6(a), 7(a)-(b), 7(g), 8(a), 8(g) and 9(g) are Impaired under the Plan and Holders of Claims and Interests in those Classes are entitled to vote. The voting Classes will have accepted the Plan if (i) with respect to Classes of Claims, the Plan is accepted by at least two-thirds in amount and a majority in number of the Claims of each such Class (other than any Claims of Holders designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan, and (ii) with respect to Classes of Interests, the Plan is accepted by at least two-thirds in amount of the Interests of each such Class (other than any Interests of Holders designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

The Claims in Classes 10(a) and 10(g) will not receive a Distribution under the Plan, are deemed to reject the Plan, and are not entitled to vote on the Plan.

Holders of Interests in Class 9(a) are either Unimpaired by the Plan, and are presumed to accept the Plan, or, in certain circumstances described herein, will receive no distribution under the Plan and are deemed to have rejected the Plan. The Holders of Interests in Class 9(a) are not entitled to vote on the Plan.

4. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan of reorganization even if all impaired classes entitled to vote on the plan have not accepted it, *provided* that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," as long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

a. No Unfair Discrimination

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan of reorganization. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly, and, accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

b. Fair and Equitable Test

This test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending on the type of claims or equity interests in such class.

Secured Claims: The condition that a plan be "fair and equitable" to a non-accepting class of secured claims includes, among other things, the requirements that: (1) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the Debtors or transferred to another entity under the plan; and (2) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the Debtors' property subject to the liens.

Unsecured Claims: The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (1) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (2) the holder of any claim or any equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior equity interest any property.

Interests: The condition that a plan be "fair and equitable" to a non-accepting class of equity interests includes the requirement that either: (1) the plan provides that each holder of an equity interest in that class receives or retains under the plan on account of that equity interest property of a value, as of the effective date of the plan, equal to the greatest of: (a) the allowed amount of any fixed liquidation preference to which such holder is entitled; (b) any fixed redemption price to which such holder is entitled; or (c) the value of such interest; or (2) if the class does not receive the amount as required under clause (1) hereof, no class of equity interests junior to the non-accepting class may receive a distribution under the plan.

Cram-Down: The Debtors will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code to the extent applicable, in view of the deemed rejection by Classes 10(a) and 10(g), and the potential deemed rejection by Class 9(a). The votes of Holders of Interests in Class 9(a) are not being solicited because, under Article IV of the Plan (*see* Section VII.C.4.i. above) such Interests will either be Unimpaired, and Holders of such Interests will be presumed to accept the Plan, or will receive no distribution and, therefore, such Holders are conclusively deemed to have rejected the Plan pursuant to section 1129(b) of the Bankruptcy Code. The votes of Holders of Claims in Classes 10(a) and 10(g) are not being solicited because, under Article IV of the Plan (*see* Section VII.C.4.j. above), there will be no distribution to the Holders of Claims of such Classes and, therefore, such Holders are conclusively deemed to have rejected the Plan pursuant to section 1129(b) of the Bankruptcy Code. Notwithstanding the deemed rejection by Classes 10(a) and 10(g), the potential deemed rejection by Class 9(a), or any Class that votes to reject the Plan, the Debtors do not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Interests. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

XVIII. PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND INTERESTS THAT ARE IMPAIRED SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT.

A. RISK FACTORS RELATED TO CONFIRMATION, EFFECTIVENESS, AND IMPLEMENTATION

1. Parties in Interest May Object to the Debtors' Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Additionally, Creditors may argue that their Claims are improperly classified under section 1122 of the Bankruptcy Code and, in the event that these arguments prevail, distributions may be impacted.

2. Failure to Satisfy Vote Requirement

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims or Interests as those proposed in the Plan.

3. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes.

The Liquidation Analysis for the Debtors is attached as **Exhibit B** to this Disclosure Statement. Parties in interest in the Chapter 11 Cases may oppose Confirmation of the Plan by alleging that the liquidation value of one or more Debtors is higher than reflected in the Liquidation Analysis and that the Plan thereby improperly limits or extinguishes their rights to recoveries under the Plan. At the Confirmation Hearing, the Bankruptcy Court may hear evidence regarding the views of the Debtors and opposing parties, if any, with respect to liquidation valuation of the Debtors.

Confirmation of the Plan is also subject to certain conditions as described in Article X of the Plan (*see* Section XIII.A.1. above). There is a risk that some or all of the conditions to Confirmation may not be satisfied. If the Plan is not confirmed, it is unclear what distributions Holders of Allowed Claims or Interests would receive with respect to their Allowed Claims or Interests.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

4. Nonconsensual Confirmation

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted, or is deemed to have rejected, the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Plan satisfies these requirements and the Debtors will request such nonconsensual Confirmation, if necessary, in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion.

5. A Party in Interest May Object to the Amount or Classification of a Claim

Any party in interest with standing may object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated Distributions described in this Disclosure Statement.

6. The District Court May Rule that the Escrowed Money Is Not Property of the Falcon Estate

The District Court or another court of competent jurisdiction may rule that the Escrowed Money is not property of the Falcon estate. Because the Escrowed Money is Falcon's principal asset, such a ruling could impair or eliminate recoveries to Falcon's creditors.

7. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur as soon as reasonably practicable after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, occur. The occurrence of the Effective Date is subject to the conditions precedent listed in the Plan (*see* Section XIII.A.2. above). The most significant of these conditions are:

- the Cayman Court shall have entered an order, in form and substance reasonably acceptable in all material respects to the Debtors, providing assistance to the Bankruptcy Court in giving effect to the Plan in the Cayman Islands, validating the transfers of AIHL's assets pursuant to the Plan, and authorizing the distribution of the proceeds payable to AIHL on account of such transfer to the creditors of AIHL, whether: (i) pursuant to Section 86 of the Companies Law (2012 Revision), sanctioning a Scheme of Arrangement between AIHL, its creditors and members (as applicable) that is materially consistent with the Plan; (ii) recognizing and enforcing, or giving effect to, the Confirmation Order or such parts of the Confirmation Order that are amenable to recognition; (iii) pursuant to Section 99 of the Companies Law (2012 Revision), validating all transfers of AIHL's assets to New Arcapita Holdco 2 pursuant to Section 7.7 of the Plan, the Confirmation Order, and the Implementation Memorandum; (iv) pursuant to Order 18 Rule 5 of the Companies Winding Up Rules 2008 (as amended), authorizing the in specie distribution of the proceeds payable to AIHL on account of such transfer to the creditors of AIHL; and/or (v) otherwise in accordance with the laws of the Cayman Islands;

  SCB has indicated that, in the event it cannot reach an agreement with the Debtors on its Plan treatment as described in the SCB Term Sheet, it will object on various grounds to the entry of the required Cayman Order. If SCB prevails in such an argument, this condition precedent to the Plan may not be satisfied.

- the definitive documents implementing the Cooperation Settlement Term Sheet, including, without limitation, the Management Services Agreement, shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived; and

- the HQ Settlement Agreement shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such HQ Settlement Agreement shall have been satisfied or waived.

The conditions precedent to the Effective Date described in Section XIII.A.2. above, other than those contained in Section 10.1.1.1, 10.1.2.1 and 10.1.2.4 of the Plan (*see* Section XIII.A.3. above), may be waived by the Debtors with the consent of the Committee. Such conditions precedent may not occur and, as a result, the Plan may not become effective and the Restructuring may not be consummated.

8. Contingencies Not to Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

9. Bahrain Administration Proceeding Risk

The implementation of the Plan does not require or contemplate an administration proceeding for Arcapita Bank in the Kingdom of Bahrain under the control of the CBB. However, it is possible that such Bahrain administration proceeding could be commenced by the CBB in addition to or in the absence of Confirmation of the Plan or despite the occurrence of the Effective Date of the Plan. The commencement of a Bahrain administration proceeding for Arcapita Bank could materially and adversely impact the Distributions available under the Plan to Holders of Claims against the Debtors. The commencement of an administration proceeding for Arcapita Bank in Bahrain would result in the appointment of an independent administrator for Arcapita Bank, thus limiting or eliminating the current board of directors' control over Arcapita Bank, and, among other material effects, could: (i) cause a change of control under various contracts entered into by the Debtors' portfolio companies, potentially resulting in "events of default" under such contracts, the imposition of remedies by the contract counterparties and a material deterioration in the value of such portfolio companies; (ii) delay or prevent implementation of the Plan; (iii) result in a material revision, withdrawal or abandonment of the Plan; and/or (iv) lead to increased administrative costs of a material amount.

10. Cayman Islands Liquidation Proceeding Risk

As discussed in Section XIII.A.2.d. hereof, the Plan contemplates and requires the entry of an order by the Cayman Court approving the Plan, validating the transfers of AIHL's assets pursuant to the AIHL Sale and authorizing the distribution of the proceeds payable to AIHL on account of such transfer to the creditors of AIHL. There can be no assurance that the Cayman Order will be obtained, or that any order obtained from the Cayman Court will be in form and substance reasonably acceptable to the Debtors. The Debtors' inability to obtain the Cayman Order will prevent the occurrence of the Effective Date of the Plan and could ultimately lead to the liquidation of AIHL under the laws of the Cayman Islands and the appointment of Cayman Islands liquidators for AIHL. In addition, LT Holdings, WTHL, AEID II Holdings and Railinvest, each of which is a Cayman Islands entity, could become subject to the commencement of voluntary or involuntary liquidation proceedings in the Cayman Islands and the appointment of Cayman Islands liquidators. The implementation of liquidation proceedings with respect to AIHL or any of the subsidiary Debtors could materially and adversely impact Distributions to Holders of Claims against those entities and against Arcapita Bank as compared to the recovery to such Holders contemplated by the Plan.

11. Deal Funding Risk

As discussed above in Section VI.A.2., many of the investments of the Arcapita Group may, after the Effective Date, require certain follow-on Deal Funding to preserve and maximize the value of those investments until they are sold. The Projections attached hereto as Exhibit C contain a variety of assumptions concerning the availability of the Cash necessary to provide any required Deal Funding. Among other related assumptions, the Projections assume that the Cash required for Deal Fundings will be obtained through the Exit Facility and from the timely exit of certain other investments.[46] There is a risk that the assumptions regarding the sufficiency of the Exit Facility and the timing of particular investment exits will be incorrect; in this regard, market conditions may materially delay certain investment exits. The unavailability of sufficient sources to fund Deal Fundings may result, among other things, in (a) the overall potential diminution of the value of those underfunded investments, (b) the possible dilution of the Arcapita Group's ownership of such investments if third-parties (including, potentially, the Syndication Companies) provide the requisite funding on dilutive or other unfavorable terms, (c) the foreclosure on certain investments by third-party lenders, or (d) the requirement to sell the investments at distressed prices.

12. Uncertainties Related to Exit Facility

The Plan contemplates that certain of the Reorganized Debtors (other than Falcon), certain New Holding Companies and/or and certain other members of the Arcapita Group will enter into an Exit Facility on the Effective Date. The Debtors are currently exploring alternative exit financing proposals; however there is currently no binding agreement with any potential lender(s). Based upon the Debtors' expected liquidity needs and the current status of negotiations with potential lenders, the Debtors believe that the Exit Facility will have a cost

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[46] This assumption was made for the purpose of the Projections only. The Reorganized Arcapita Group will not be obligated to finance such Deal Fundings.

price of approximately $250 million (which may be increased to approximately $350 million to fund a potential take-out of the SCB Facility). However, there can be no assurance that the Exit Facility, once finalized, will reflect these terms or will otherwise contain favorable terms. The Debtors' inability to obtain financing on the terms described above and/or other favorable terms could have a materially adverse effect on the Debtors' restructuring efforts, and on the Reorganized Arcapita Group's business, financial condition and results of operations.

B. RISK FACTORS RELATED TO THE BUSINESS OF THE REORGANIZED ARCAPITA GROUP

1. Liquidity Risk

The Plan provides for post-Effective Date liquidity through the maintenance of an Exit Facility and properly timed and appropriately sized investment exits. Liquidity risks could arise from the Reorganized Arcapita Group's inability to anticipate and provide for unforeseen events related to these funding sources. Such unforeseen events could have adverse consequences on the Reorganized Arcapita Group's ability to meet its obligations under the Plan. For example, some of the assets held for sale may not be sold in the currently anticipated time frame due to adverse market conditions, and certain investments held by the Reorganized Arcapita Group include high-risk components and/or medium- to long-term maturities and will be illiquid prior to maturity. Moreover, even to the extent that the Reorganized Arcapita Group is capable of exiting its investments in the time period anticipated by its business plan, such exits may not produce returns in the amounts originally anticipated. Accordingly, there is no assurance that the Reorganized Arcapita Group will not experience liquidity constraints in the future and any such constraints could have a materially adverse effect on the Reorganized Arcapita Group's business, financial condition, and results of operations. Additionally, the Reorganized Arcapita Group's ability to maintain liquidity will depend partially on its ability to divest investments in a timely manner, which depends on factors that include global economic conditions and geo-political factors in the countries in which the Reorganized Arcapita Group holds and sells investments.

2. Market and Currency Risk

The Reorganized Arcapita Group holds investments in a variety of countries, which results in exposure to a range of market risks, including, but not limited to, currency exchange risk, profit rate risk, and fluctuations in the prices of financial products. For example, fluctuations in foreign currency exchanges may have a materially adverse effect on the Reorganized Arcapita Group's business, financial condition and results of operations. Although the Arcapita Group (and following passage of the Effective Date, the Reorganized Arcapita Group) and AIM set or will set limits and perform certain other measures aimed at reducing these risks, no assurance can be given that these measures will be effectively implemented or that they will allow the Reorganized Arcapita Group to minimize the impact of currency exchange rate and profit rate volatility. If the Reorganized Arcapita Group's and/or AIM's risk management procedures and limits do not minimize the impact of market risks on the Reorganized Arcapita Group, its business, financial condition and results of operations may be materially adversely affected.

3. Global Markets Risk

The current environment is one of extraordinary uncertainty for financial services companies and other market participants and that uncertainty has had, and could continue to have, a material adverse effect on the global economy, the functioning of capital markets, and on the business and operations of financial services companies and other market participants worldwide. The duration and ultimate effect of current market conditions cannot be predicted, nor is it known the degree to which such conditions may continue to worsen or what the eventual impact will be on the slowdown amid market turmoil. The continuation of current market conditions, uncertainty or further deterioration in the markets and/or economic conditions may have a material adverse effect on financial position and results of operations of the Reorganized Arcapita Group.

4. Investment Risk

The Arcapita Group's current investment portfolio consists of investments in private equity, real estate, infrastructure, and venture capital sectors. The continued management of such investments until maturity and investment exit as contemplated by the Plan presents certain risks and uncertainties related to the nature of these classes of investments. Private equity investments in general involve risks and uncertainties including, among other things, the competitive business environment, the ability to retain quality management, and reliance on suppliers and customers. Real estate and infrastructure investments also have inherent risks and the expected returns from such investments are subject to, among other things, the condition of the real estate markets in general, the overall global economic conditions, declines in the value of the underlying assets, increases in the cost of funding, the availability of potential acquirers and currency exposures. Venture capital investments involve general risks and uncertainties including, amongst other things, the risks of investing in companies at an early stage of development and with a need for substantial additional capital to support expansion, the competitive venture capital business environment, the dependence on the portfolio companies' management teams, and the risks associated with holding a non-controlling position in certain portfolio companies.

5. Operational Risk

Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorizations, failure to comply with regulatory requirements and conduct of business rules, the failure of internal systems or equipment and external systems (for example, those of the Arcapita Group's counterparties and/or AIM). Although the Arcapita Group (and following passage of the Effective Date, the Reorganized Arcapita Group) and AIM has or will implement risk controls and loss mitigation strategies and has or will devote substantial resources to developing efficient procedures, it is not possible to entirely eliminate any of the operational risks. Any lapse in legal and/or operational controls in the future could have a materially adverse effect on the Reorganized Arcapita Group's business, financial condition, results of operations or prospects.

6. Tax Risk

Although the Arcapita Group attempts to structure its investments in a manner that is generally tax efficient, there is no assurance that its current investments will be tax efficient or that any particular tax result will be achieved. The applicable tax rules and their interpretation may change, with adverse consequences for the Reorganized Arcapita Group, resulting in increased costs and decreased returns on its investments.

7. Retention of Key Management and Deal Teams

The Reorganized Arcapita Group's ability to maintain its business operations and divest investments in a timely and value-maximizing manner depends, to some extent, on the highly experienced and qualified senior management personnel and members of the local "deal teams," which are primarily responsible for the day-to-day oversight of the Arcapita Group's portfolio. Absent the approval and execution of the Cooperation Agreement, and the related retention of AIM to manage the Reorganized Debtors' portfolio of investments, the Reorganized Debtors will be required to continue the employment of the current senior management and deal-teams, or find and employ qualified replacements. Although the Reorganized Arcapita Group would seek to provide a competitive compensation structure to retain such individuals, there would be no assurances that the Reorganized Arcapita Group would be able to retain such experienced and qualified personnel, or be able to find suitable replacements. The inability to retain key personnel, and in particular the deal team personnel, or attract suitable and qualified replacements could have a material adverse effect on the value of the Reorganized Arcapita Group's business.

As discussed in Section VI.B.9. hereof, the Cooperation Agreement, if documented and implemented as provided herein, shall mitigate the risks to the Reorganized Debtors and their creditors arising from the need to retain key management and deal teams. The Cooperation Agreement provides that a third-party contractor, AIM, shall manage the portfolio investments of the Reorganized Debtors post-Effective Date. As it is currently contemplated that AIM shall employ some or all of the current management and deal-teams employed by the Debtors, the effective management and disposition of the portfolio assets should continue uninterrupted. As described above, the continued employment of existing key deal teams is of paramount importance to certain holders of interest in Direct Investment Holdcos to ensure continuity of the existing business plans at the portfolio company level, thereby providing the best ability to maximize the value of the portfolio company investments. However, there can be no assurance that all key deal team members will be employed by AIM.

8. Regulatory and Other Consent Risk

Certain of the Arcapita Group's activities are (and following passage of the Effective Date, certain of the Reorganized Arcapita Group's activities may be) subject to the laws of the Kingdom of Bahrain, including the regulations issued by the CBB, and the Reorganized Arcapita Group, including the New Holding Companies, are (or will be) subject to the laws of other jurisdictions, including the United States, United Kingdom, Singapore and the Cayman Islands. Some of these laws may (i) govern or affect the rights of holders of Shares of Arcapita Bank and its Affiliates, including consent rights with respect to certain corporate

actions contemplated by the Plan, (ii) require the Reorganized Arcapita Group, including the New Holding Companies, to submit to regulatory oversight, and/or (iii) require one or more entities comprising the Reorganized Arcapita Group to obtain licenses or to register with governmental authorities to continue to conduct business in the relevant jurisdiction. The corporate reorganization contemplated by the Plan and the Implementation Memorandum has been structured to minimize risks related to foreign laws that may require the consent of an applicable regulatory agency or Holders of Interests. However, there can be no assurance that the corporate actions contemplated by the Plan and the Implementation Memorandum will be effective or enforceable in all jurisdictions absent such applicable regulatory and/or shareholder consents. In addition, while the Debtors and their professionals are currently evaluating the potential licensing and registration requirements of their post-Effective Date operation, there can be no assurance that any required licenses will be obtained, that any required registrations will be completed or that an applicable regulatory authority will allow the Reorganized Arcapita Group to fully perform its Business Plan. Compliance with the requirements of any such licenses or registrations may result in the incurrence of significant costs, or restrict the activities of the Reorganized Arcapita Group. Failure to comply (or to have complied) with these requirements could have similar consequences. Laws and regulations that are applied in Bahrain and other jurisdictions may change from time to time, and such changes could result in, for example, unanticipated costs. This may have a materially adverse effect on the Reorganized Arcapita Group's business, financial condition and results of operations.

9. Shari'ah Compliance

The Arcapita Group (and following passage of the Effective Date, the Reorganized Arcapita Group) operates in accordance with Shari'ah principles. Compliance with such principles may result in added costs and increased operational risk or require the divestment of certain assets. Therefore, Shari'ah restrictions may, under certain circumstances, have an adverse effect on the financial performance of the investments held by the Reorganized Arcapita Group. Any failure to comply with principles of Shari'ah may adversely affect the Reorganized Arcapita Group's business, financial condition and results.

10. Political Risk and Geopolitical Risk

The Arcapita Group (and following passage of the Effective Date, the Reorganized Arcapita Group) holds investments globally, including investments in emerging market and politically unstable countries. Such investments may involve a number of additional risks such as political and economic risks, currency risks, risks related to wars and civil unrest, the risk of restriction on capital movements, risks relating to regulations governing foreign direct investments, and other regulatory risks. In addition, there is a risk that the laws and regulations in certain jurisdictions may change, adversely impacting the value of the Reorganized Arcapita Group's investments. Accordingly, investments in emerging market and politically unstable countries involve a higher degree of risk than those in more developed markets.

11. IT Risk

The Arcapita Group (and following passage of the Effective Date, the Reorganized Arcapita Group) and AIM are increasingly dependent on IT systems to conduct

their businesses. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Reorganized Arcapita Group's and/or AIM's risk management or investment systems. Although the Arcapita Group has developed, and AIM has or will develop, back-up systems and the Reorganized Arcapita Group and/or AIM may continue their operations, the occurrence of any failure or interruption or breach in security of the Reorganized Arcapita Group's or AIM's information technology may have a material adverse effect on the Reorganized Arcapita Group's business, financial condition and results.

C. RISK FACTORS ASSOCIATED WITH FORWARD-LOOKING STATEMENTS

1. Financial Information Is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit Was Performed.

The financial information contained in this Disclosure Statement has not been audited unless otherwise stated. In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

2. Financial Projections and Other Forward Looking Statements Are Not Assured, Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based and, as a Result, Actual Results May Vary.

This Disclosure Statement contains various projections concerning the financial results of the Reorganized Debtors' operations, including the Projections, and the value of Distributions to Creditors and Equity Security Holders that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates. Should any or all of these assumptions or estimates ultimately prove to be incorrect, the actual future experiences of the Reorganized Debtors may turn out to be different from the financial projections.

Specifically, the projected financial results contained in this Disclosure Statement reflect numerous assumptions concerning the anticipated future performance of the Reorganized Debtors, some of which may not materialize, including, without limitation, assumptions concerning: (a) the timing of Confirmation and consummation of the Plan in accordance with its terms; (b) the anticipated future performance of the Reorganized Arcapita Group, including, without limitation, the Reorganized Arcapita Group's ability to maintain or increase revenue, control future operating expenses or make necessary capital expenditures; (c) general business and economic conditions; and (d) overall industry performance and trends.

Due to the inherent uncertainties associated with projecting financial results generally, the projections contained in this Disclosure Statement will <u>not</u> be considered

assurances or guarantees. While the Debtors believe that the financial projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized.

D. RISK FACTORS THAT MAY AFFECT THE VALUE OF SECURITIES TO BE ISSUED UNDER THE PLAN

1. The Reorganized Debtors May Not Be Able to Achieve Projected Financial Results or Meet Post-Reorganization Debt Obligations and Finance All Operating Expenses, Working Capital Needs, and Capital Expenditures.

The Reorganized Debtors may not be able to meet their projected financial results or achieve projected revenues and cash flows that they have assumed in projecting future business prospects. To the extent the Reorganized Debtors do not meet their projected financial results or achieve projected revenues and cash flows, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date, may be unable to service their debt obligations as they come due or may not be able to meet their operational needs. Further, a failure of the Reorganized Debtors to meet their projected financial results or achieve projected revenues and cash flows could lead to cash flow and working capital constraints, which constraints may require the Reorganized Debtors to seek additional working capital. The Reorganized Debtors may not be able to obtain such working capital when it is required. Further, even if the Reorganized Debtors were able to obtain additional working capital, it may only be available on unreasonable terms. For example, the Reorganized Debtors may be required to take on additional debt, the interest costs of which could adversely affect the results of the operations and financial condition of the Reorganized Debtors. If any such required capital is obtained in the form of equity, the equity interests of the holders of then-existing New Arcapita Shares could be diluted. While the Debtors' projections represent management's view based on current known facts and assumptions about the future operations of the Reorganized Arcapita Group, there is no guarantee that the financial projections will be realized.

2. Arcapita Bank's Control Over the Syndication Companies, PVs and PNVs Through Revocable Proxies and Administration Agreements is Currently Limited and, Absent Execution of the Cooperation Agreement, this Lack of Control Could Result in Value Deterioration

The Syndication Company Proxies and the Administration Agreements fail to provide Arcapita Bank with meaningful control over the interests of the Syndication Companies, the PVs and the PNVs in the portfolio company investments originally sponsored by the Arcapita Group. As described further in Section VI.B.7.a. hereof, the Syndication Company Proxies are significantly limited in scope and are revocable by the grantors. The rights of AIML under the Syndication Company Proxies do not extend to the election or removal of directors of the Syndication Companies; rather, those rights are vested with the current board members themselves or by special resolution of the third-party shareholders. In addition, the Syndication Company Proxies require that all third-party shareholders be provided with notice of shareholders' meetings and any proposals that would permit the shareholders to act by written consent, and the third-party shareholders have the right to instruct AIML how to vote at such meetings or with respect to such written consents. The Administration Agreements do not

authorize AIML to vote the equity interests held by the Syndication Companies or PVs without approval of boards of directors of those Syndication Companies or PVs. In addition, AIML, as administrator, does not have the authority to acquire or dispose of any portfolio investment without the approval of the board of the applicable Syndication Company or PV. Moreover, the Administration Agreements generally have an initial term of four years, but thereafter renew for one-year periods unless the Syndication Company gives notice of its intent not to renew 30 business days prior to the end of the term. Further, the Administration Agreements are terminable at any time on 60 business days' notice if the Syndication Company approves of the termination by a special resolution. Accordingly, significant control related to management of the Arcapita Group portfolio assets, including the timing of exits, ultimately resides with the boards of directors of the Syndication Companies or PVs and the Third-Party Investors, and not with Arcapita Bank.

As discussed in Section VI.B.9. hereof, the Cooperation Agreement, if documented and implemented as provided herein, shall mitigate the risks to the Reorganized Debtors and their creditors arising from any current inability to control the portfolio investments. The Cooperation Agreement contemplates the creation of Disposition Committees for each portfolio investment which will have the sole authority to make determinations related to Dispositions, and on which the Reorganized Debtors shall have representation (or, with respect to Transaction Holdcos that are owned in part by a Direct Investment Holdco, shareholders' agreements that formalize the relative rights of the Syndication Companies and the members of the Reorganized Arcapita Group with respect to Dispositions absent required consent by the applicable Direct Investment Holdco). Moreover, with respect to Major Investments, the Cooperation Agreement shall set forth parameters relating to the timing and pricing of Dispositions, which parameters are designed to provide protections to the minority investors with respect to any particular investment (typically, the Debtors). Accordingly, the Debtors believe that while there are potential risks to the Reorganized Debtors associated with a lack of control over the portfolio investments, such risks will be ameliorated, at least in part, by the Cooperation Agreement.[47]

3. Minority Investments

The Reorganized Arcapita Group will hold a minority ownership interest with respect to a significant number of the portfolio investments owned by it. In these cases, the majority ownership interests will either be owned by the Syndication Companies, PVs and PNVs or by other Third-Party Investors and, in certain cases, by a combination of these Persons. Given the limited control afforded by the revocable Syndication Company Proxies and the Administration Agreements, and the fact that the Syndication Company Proxies could be revoked and the Administration Agreements terminated, the Reorganized Arcapita Group's ability to direct the operation, management or disposition of these minority investments is currently limited. In addition, while the boards of directors (or similar governing bodies) of the Transaction Holdcos, Syndication Companies, PNVs, and PVs are currently comprised of a majority of Arcapita Group employees, there is a risk that the boards of directors of these entities could in the future be comprised of individuals who are not, or are no longer, affiliated with the Reorganized Arcapita Group. In addition, the minority ownership interests held by the

[47] For the avoidance of doubt, HarbourVest Partners L.P. is not a party to the Cooperation Agreement.

Reorganized Arcapita Group could be subject to a minority discount when sold. The occurrence of any or all of these events could have a significant and adverse impact on the value of the Reorganized Arcapita Group's interests in its portfolio investments, particularly any such investments in which the Reorganized Arcapita Group only holds a minority ownership interest.

As discussed in Section VI.B.9. hereof, the Cooperation Agreement, if documented and implemented as provided herein, shall mitigate the risks to the Reorganized Debtors and their creditors arising from the Debtors' minority ownership interests in a significant number of their portfolio investments. The Cooperation Agreement affords the Reorganized Debtors, as minority holders of various portfolio investments (i) representation on the Disposition Committees that are responsible for managing the marketing and sale of the investments, (ii) certain minority investor protections that are customary in jointly held investments but currently do not exist in the organizational documents of the portfolio investments, and (iii) the security of certain parameters relating to the timing and pricing of Dispositions, which parameters are designed to provide protections to the Debtors in their capacity as minority investors (or, in all cases with respect to Transaction Holdcos that are owned in part by a Direct Investment Holdco, shareholders' agreements that formalize the relative rights of the Syndication Companies and the members of the Reorganized Arcapita Group with respect to the matters described above). Accordingly, the Debtors believe that while there are potential risks to the Reorganized Debtors associated with their minority ownership of various portfolio investments, such risks will be ameliorated, at least in part, by the Cooperation Agreement.

4. Potential Change of Control Risks

The value of the Arcapita Group lies in the underlying value and performance of its investment portfolio, which, as described herein, is comprised of real estate investments and private equity investments in various portfolio companies. Some of these portfolio entities have financing agreements and other contracts that contain provisions relating to a "change of control."

As set forth in the Implementation Memorandum, the restructuring contemplated by the Plan will require a significant corporate restructuring of the Arcapita Group. This corporate restructuring has been structured to include features that minimize the risk of triggering the "change of control" provisions in contracts entered into by various portfolio companies within the Arcapita Group. There is a risk, however, that counterparties under the applicable contracts could contend that a "change of control" has occurred, or that events could unfold in the future which would cause a "change of control" to occur despite such features. While the Reorganized Arcapita Group and New Holding Companies would vigorously defend against any such contention, there is no assurance that a court or other arbiter would agree that a "change of control" has not occurred.

Though the definition of "change of control" varies from contract to contract, among the events that could constitute a "change of control" are: (i) Arcapita Bank and/or certain of its subsidiaries or affiliates ceasing to own or control the voting stock of certain specified entities; (ii) Arcapita Bank and/or certain of its subsidiaries or affiliates ceasing to possess the power to direct or cause the direction of the policies and management of certain specified

entities; or (iii) the directors and/or employees of certain specified entities ceasing to be employees of Arcapita Bank and/or certain of its subsidiaries or affiliates.

The occurrence of a "change of control" usually constitutes an event of default under the relevant contract, for which the remedies generally include, where the relevant contract is a financing agreement, the acceleration of the obligations owed by the applicable portfolio entity. Such an occurrence could also trigger cross-default and cross-acceleration provisions in the other contracts entered into by that portfolio entity. In that event, the applicable portfolio entity may not have sufficient funds to meet its obligations and may be required to secure a waiver of the applicable contractual provision or to obtain substitute or additional third-party financing. The applicable portfolio entity may not be able to obtain such a waiver or financing on commercially reasonable terms, on terms that are acceptable to the applicable portfolio entity, or at all. In that case, the value of the applicable portfolio entity could be significantly reduced.

In addition, where the relevant contract is a co-investment agreement, triggering a "change of control" could lead to the imposition of remedial actions that significantly limit the ability of the Debtors to accomplish their Business Plan. In the event that a "change of control" is triggered with respect to such co-investment agreements, the applicable entity may not be able to obtain a waiver on commercially reasonable terms, on terms that are acceptable to the applicable entity, or at all.

Certain parties in interest, including HarbourVest Partners L.P. and its affiliated funds, have indicated that they may ultimately choose not to support the Plan and its implementation structure. In such scenario, HarbourVest Partners, L.P. and similarly situated parties in interest may seek to assert any contractual or legal rights they may have against the Debtors or their non-Debtor subsidiaries, including pursuant to the "change of control" provisions and transfer restrictions in their co-investment agreements. The Debtors would vigorously defend against any such actions.

As discussed in Section VI.B.9. hereof, the Cooperation Agreement, if documented and implemented as provided herein, shall mitigate the risks to the Reorganized Debtors and their creditors arising from arguments that a "change of control" has occurred under the Debtors' financing or co-investment agreements. Among other things, the Cooperation Agreement requires the Syndication Companies, PVs and PNVs to waive their right to terminate the Management Agreements and the Administration Agreements, and it is anticipated that the Syndication Company Proxies will remain in place. Accordingly, the Debtors believe that while there are potential risks to the Reorganized Debtors associated with arguments that a "change of control" has occurred, such risks will be ameliorated, at least in part, by the Cooperation Agreement.

5. The Plan Distributions and Projected Recoveries May Vary Upon a Successful Avoidance of the Arcsukuk Guarantee

As described in Section VI.B.10. above, the Committee believes that there may be a viable fraudulent conveyance claim against the Arcsukuk Trustee related to the Arcsukuk Guarantee, and the Plan preserves the right of any party with standing to pursue such an

Avoidance Action against the Arcsukuk Trustee.[48] To the extent that the Arcsukuk Guarantee is avoided and the related Claims against AIHL are disallowed, the distribution of Sukuk Obligations, New Arcapita Class A Shares, New Arcapita Ordinary Shares and New Arcapita Creditor Warrants described in Sections I.B. above shall be affected and the projected recoveries of the Holders of Arcsukuk Claims shall decrease, while the projected recoveries of the Holders of Syndicated Facility Claims and General Unsecured Claims against AIHL will increase.

6. The Value of the New Arcapita Shares, New Arcapita Warrants and the Sukuk Obligations is Uncertain.

The New Arcapita Shares, New Arcapita Creditor Warrants, New Arcapita Shareholder Warrants (if issued) and the Sukuk Obligations are not secured by collateral or any guarantees. If the Reorganized Arcapita Group's performance declines, the value of the New Arcapita Shares, New Arcapita Creditor Warrants, New Arcapita Shareholder Warrants (if issued) and/or Sukuk Obligations could be substantially diminished or, in certain circumstances, eliminated and Holders thereof could lose a significant portion or all of the value represented by these instruments. Similarly, the repayment of the Sukuk Obligations is contingent on the prior repayment of the New Murabaha Facilities, and on the existence of Excess Cash Flow to make the mandatory prepayments required in connection with the Sukuk Obligations. There can be no assurance (i) that sufficient Excess Cash Flow will be generated to make any of these payments, or (ii) when such Excess Cash Flow might be generated.

Redemptions with respect to the New Arcapita Class A Shares and dividends with respect to the New Arcapita Ordinary Shares are subject to the discretion of the New Board of New Arcapita Topco, and can only be made after the repayment in full of the New Murabaha Facilities and the Sukuk Obligations. Dividends on the New Arcapita Ordinary Shares can only be paid after the repayment in full of the Liquidation Preference on the New Arcapita Class A Shares, as specified in the Equity Term Sheet. In addition, the New Arcapita Warrants will not be exercisable until the Dividend Threshold has been satisfied. There can be no assurance (i) that sufficient funds will ever be available to redeem the New Arcapita Class A Shares or distribute dividends on account of the New Arcapita Ordinary Shares, (ii) when any such funds will be available, (iii) whether the New Board of New Arcapita Topco will declare any redemptions or dividends when and if sufficient funds are available, or (iv) whether the New Arcapita Warrants will ever become exercisable.

7. The New Arcapita Shares, New Arcapita Warrants and the Sukuk Obligations Are New Issues for Which There Is No Prior Market and the Trading Market for the New Arcapita Shares, New Arcapita Warrants and/or the Sukuk Obligations May Be Limited.

The New Arcapita Shares, New Arcapita Creditor Warrants, New Arcapita Shareholder Warrants (if issued) and the Sukuk Obligations will be new issues for which there currently is no, and on issuance there will not be any, established trading market. The Debtors do not intend to apply for listing of the New Arcapita Shares, New Arcapita Warrants or the

[48] The Debtors have agreed that they will not oppose any attempt by the Committee to obtain standing to pursue such Avoidance Action against the Arcsukuk Trustee.

Sukuk Obligations on any securities exchange or for quotation in any automated dealer quotation system. An active market may not develop for the New Arcapita Shares, New Arcapita Warrants and/or the Sukuk Obligations, and if an active market does not develop, the market price and liquidity of such securities may be adversely affected.

In addition, trading of the New Arcapita Shares, New Arcapita Warrants and/or the Sukuk Obligations may be further limited by securities law restrictions, or other restrictions, on transfer. Pursuant to U.S. securities laws, the New Arcapita Shares, New Arcapita Warrants and Sukuk Obligations will not be transferable to Non-Eligible Claimants. In addition, solely for the purposes of complying with Shari'ah principles, the New Arcapita Warrants shall only be transferable on a gratuitous basis (without any consideration).

8. It May Be Difficult For Holders of New Arcapita Shares to Obtain or Enforce Judgments Against New Arcapita Topco in the United States. The Same Applies For Creditors Under the Exit Facility, the New SCB Facility, and the Sukuk Facility in Respect of Judgments Against the Purchaser and Guarantors of the Exit Facility, the New SCB Facility, and the Sukuk Facility, Respectively.

New Arcapita Topco will be incorporated under the laws of the Cayman Islands, and a substantial portion of New Arcapita Topco's assets are located outside of the United States. As a result, it may be difficult for United States holders of New Arcapita Shares to realize in the United States on any judgment against New Arcapita Topco. Similarly, the purchaser and the guarantors of the Exit Facility, the New SCB Facility, and the Sukuk Facility will be entities incorporated in jurisdictions other than the United States, and a substantial portion of the assets of the purchaser and the guarantors are located outside of the United States. As a result, it may be difficult for United States creditors under the Exit Facility, the New SCB Facility, and the Sukuk Facility to realize in the United States any judgment against the purchaser and guarantors. Therefore, any judgment obtained in any United States federal or state court against the purchaser or a guarantor (where applicable) of the Exit Facility, the New SCB Facility and the Sukuk Facility may have to be enforced in the courts of the Cayman Islands, or such other foreign jurisdiction, as applicable. If there is no treaty or other applicable convention for the recognition of judgments between the United States and the jurisdiction where enforcement is sought, a judgment rendered by any United States federal or state court will not be recognized or enforced by the courts of such jurisdiction and the matter will, in principle, need to be re-litigated before the courts of that jurisdiction. In the Cayman Islands, a judgment obtained in the courts of the United States will be recognized and enforced in the courts of the Cayman Islands at common law without any re-examination of the merits of the underlying dispute provided such judgment:

(a) is given by a foreign court of competent jurisdiction;

(b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given;

(c) is final;

(d) is not in respect of taxes, a fine or a penalty; and

(e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

In other jurisdictions, however, this may be different.

9. The Rights and Responsibilities of Holders of New Arcapita Shares Will Be Governed by Cayman Islands Law and Will Differ in Some Respects From the Rights and Responsibilities of Shareholders Under U.S. Law.

New Arcapita Topco's corporate affairs will be governed by Cayman Islands law. The substantive law of the Cayman Islands is based on English common law with the addition of local statutes which have in many respects changed and modernized the common law. New Arcapita Topco will be incorporated with limited liability as a Cayman Islands exempted company under the Companies Law (2012 Revision) of the Cayman Islands (the "***Companies Law***"). As a general rule, the liability of shareholders of a Cayman Islands company which has been incorporated with limited liability is limited to the amount from time to time unpaid on their shares.

In general, the rights of shareholders of New Arcapita Topco will be governed by the provisions of the Companies Law, common law principles and the provisions contained in the New Governing Documents of New Arcapita Topco. Each shareholder will be bound by the voting and other provisions set out in the New Governing Documents and subject to the decisions of the majority or special majorities required under the Companies Law and the New Governing Documents.

New Arcapita Topco will have a single board of directors and provisions relating to matters such as the number of directors, board meetings and the exercise of their powers will be contained in the New Governing Documents. The duties of directors of a Cayman Islands company essentially derive from common law. The members of the board of directors of a Cayman Islands company are all subject to equal fiduciary duties and are collectively responsible for the proper management of the company and the supervision of its activities. Directors are under a duty to act in good faith and in the best interests of the company. The duties of a director are owed to the company. In the ordinary course, the "interests of the company" may be equated to the interests of the company's shareholders. However, in the case of a company which is or may be insolvent, the directors must consider the creditors' interests as part of their duty to act in the interests of the company itself.

In addition, because New Arcapita Topco is a holding company, its ability to pay cash dividends on the New Arcapita Shares may be limited by restrictions on its ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the terms of the agreements governing its and its subsidiaries' indebtedness. Subject to these limitations, the payment of cash dividends in the future, if any, will depend upon such factors as earnings levels, capital requirements, contractual restrictions, its financial condition and any other factors deemed relevant by New Arcapita Topco's board of directors.

E. DISCLOSURE STATEMENT DISCLAIMER

1. Information Contained Herein Is for Soliciting Votes

The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes other than to determine how to vote on the Plan.

2. No Legal, Business, or Tax Advice Is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Interest should consult his, her or its own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

3. No Admissions Made

The information and statements contained in this Disclosure Statement shall neither (a) constitute or be construed as an admission of any fact or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations or (b) constitute or be construed to be conclusive advice on the tax, securities, and other legal effects of the Plan as to Holders of Claims against, or Interests in, the Debtors, the Reorganized Debtors, the New Holding Companies, or any other Person.

4. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement or the Plan. The Debtors and the Reorganized Debtors, as the case may be, may seek to investigate, file and prosecute litigation claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such litigation claims or Objections to Claims.

5. Nothing Herein Constitutes a Waiver of Any Right to Object to Claims or Recover Transfers and Assets

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors or the Reorganized Debtors (or any party in interest, as the case may be) to object to that Holder's Allowed Claim, or recover any preferential, fraudulent or other voidable transfer or assets, regardless of whether any Claims or Cause of Action of the Debtors or their Estates are specifically or generally identified herein.

6. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Professionals

Counsel to and other Professionals retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other Professionals retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

7. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and Holders of Claims and Interests reviewing this Disclosure Statement should not infer at the time of such review that there has not been any change in the information set forth herein since the date hereof unless so specified. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

This Disclosure Statement contains projected financial information regarding the Reorganized Debtors and certain other forward-looking statements, all of which are based on various estimates and assumptions. The Debtors' management prepared the projections with the assistance of their Professionals. The Debtors' management did not prepare the projections in accordance with GAAP, IFRS, or to comply with the rules and regulations of the SEC or any foreign regulatory authority.

The projections and forward looking statements herein are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including, among others, those summarized herein. See Article XVIII – "Plan-related Risk Factors and Alternatives to Confirmation and Consummation of the Plan." Consequently, actual events, circumstances, effects, and results may vary significantly from those included in or contemplated by the projected financial information and other forward-looking statements contained herein which, therefore, are not necessarily indicative of the future financial condition or results of operations of the Reorganized Debtors and should not be regarded as representations by the Debtors, the Reorganized Debtors, the New Holding Companies, their advisors, or any other Persons that the projected financial condition or results can or will be achieved. Neither the Debtors' independent auditors nor any other independent accountants have compiled, examined, or performed any procedures with respect to the financial projections and the liquidation analysis contained herein, nor have they expressed any opinion or any other form of assurance as to such information or its achievability.

The projections set forth herein are published solely for purposes of this Disclosure Statement. The projections are qualified in their entirety by the description thereof contained in this Disclosure Statement. There can be no assurance that the assumptions

underlying the financial projections will prove correct or that the Debtors' or Reorganized Debtors' actual results will not differ materially from the information contained within this Disclosure Statement. The Debtors and their Professionals do not undertake any obligation, express or implied, to update or otherwise revise any projections or information disclosed herein to reflect any changes arising after the date hereof or to reflect future events, even if any assumptions contained herein are shown to be in error. Forward-looking statements are provided in this Disclosure Statement pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties, and risks described herein, including the consummation and implementation of the Plan, the continuing availability of sufficient borrowing capacity or other financing to fund operations, achieving operating efficiencies, commodity price fluctuations, currency exchange rate fluctuations, maintenance of good employee relations, existing and future governmental regulations and actions of governmental bodies, natural disasters and unusual weather conditions, acts of terrorism or war, industry-specific risk factors and other market and competitive conditions.

Holders of Claims and Interests are cautioned that the forward-looking statements speak as of the date made and are not guarantees of future performance. The projections, while presented with numerical specificity, are necessarily based on a variety of estimates and assumptions which, though considered reasonable by the Debtors, may not be realized and are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial uncertainties and contingencies, many of which will be beyond the Reorganized Debtors' control. The Debtors caution that no representations can be made or are made as to the accuracy of the projections or to the Reorganized Debtors' ability to achieve the projected results.

Some assumptions inevitably will be incorrect; moreover, events and circumstances occurring subsequent to the date on which the Debtors prepared the projections may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. The projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. In deciding whether to vote to accept or reject the Plan, Holders of Claims must make their own determinations as to the reasonableness of such assumptions and the reliability of the projections and should consult with their own advisors.

8. No Representations Outside this Disclosure Statement Are Authorized

No person is authorized by the Debtors in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation regarding this Disclosure Statement or the Plan other than as contained in this Disclosure Statement and the exhibits, appendices, and/or schedules attached hereto or incorporated by reference or referred to herein, and, if given or made, such information or representation may not be relied upon as having been authorized by the Debtors.

F. LIQUIDATION UNDER CHAPTER 7

If no plan can be Confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. In addition, with respect to AIHL, the existing Provisional Liquidation of AIHL under the laws of the Cayman Islands might be converted into a Cayman Islands liquidation proceeding, and, with respect to any of the other Debtors that are Cayman entities, Cayman Islands liquidation proceedings might be commenced. Similarly, Arcapita Bank might be placed in an administration proceeding in Bahrain under the control of the CBB. A discussion of the effects that a liquidation under chapter 7 of the Bankruptcy Code would have on the recoveries of Holders of Claims and the Debtors' liquidation analysis is set forth in Article XVII – "Confirmation Procedures" and the Liquidation Analysis attached hereto as **Exhibit B**.

XIX. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain material U.S. federal income tax consequences expected to result from the implementation of the Plan. This discussion is based on the Internal Revenue Code of 1986, as amended and as in effect on the date of this Disclosure Statement (the "***Tax Code***"), and on U.S. Treasury Regulations in effect (or in certain cases, proposed) on the date of this Disclosure Statement, as well as judicial and administrative interpretations thereof available on or before such date. Due to the complexity of certain aspects of the Plan, the lack of applicable legal precedent, the possibility of changes in the law, the differences in the nature of the Claims (including Claims within the same Class) and Interests, the Holders' statuses and methods of accounting (including Holders within the same Class) and the potential for disputes as to legal and factual matters with the Internal Revenue Service (the "***IRS***"), the tax consequences described herein are subject to significant uncertainties. The Tax Code, U.S. Treasury Regulations, and judicial or administrative interpretations thereof are subject to change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurance that the IRS will not take a contrary view with respect to one or more of the issues discussed below, and no opinion of counsel or ruling from the IRS has been or will be sought with respect to any issues which may arise under the Plan.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or the Holders of Claims or Interests in light of their personal circumstances, nor does the discussion deal with tax issues with respect to taxpayers subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, brokers and dealers in securities, traders that mark-to-market their securities, mutual funds, insurance companies, other financial institutions, real estate investment trusts, tax-exempt organizations, small business investment companies, regulated investment companies, U.S. persons whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax, persons holding Claims or Interests as part of a "straddle," "hedge," "constructive sale" or "conversion transaction" with other investments and persons that currently or will in the future own 10 percent or more of the voting equity of any Debtor or any other equity interests distributed in connection with the Plan). This discussion does not address the tax consequences to Holders of Claims who did not acquire

such Claims at the issue price on original issue. No aspect of foreign, state, local or estate and gift taxation is addressed.

The U.S. federal income tax consequences of the Plan to the Holders of Claims and Interests that are U.S. Persons will depend upon a number of factors. For purposes of the following discussion, a "U.S. Person" is any person or entity that, for U.S. federal income tax purposes, is (i) a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or any state thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust (a) the administration over which a U.S. person can exercise primary supervision and all of the substantial decisions of which one or more U.S. persons have the authority to control; or (b) that has in effect a valid election to be treated as a U.S. Person for U.S. federal income tax purposes. In the case of a partnership (including, for purposes of this discussion, any entity or arrangement treated as a partnership for U.S. federal income tax purposes), the tax treatment of its partners will depend on the status of the partner and the activities of the partnership. U.S. Persons who are partners in a partnership should consult their tax advisors. A "Non-U.S. Person" is any person that is not a U.S. Person or a partnership. For purposes of the following discussion, a U.S. Holder is a Holder of a Claim or Interest that is a U.S. Person, and a Non-U.S. Holder is a Holder of a Claim or Interest that is a Non-U.S. Person.

Except where otherwise indicated, this discussion assumes that the Claims and Interests are held as capital assets within the meaning of section 1221 of the Tax Code.

THE FOLLOWING SUMMARY IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE SPECIFIC CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH SUCH HOLDER'S TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

IRS CIRCULAR 230 NOTICE. TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS AND INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE TAX CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO FALCON

Pursuant to the Tax Code and subject to certain exceptions, a taxpayer generally must recognize income from the cancellation of indebtedness ("***COD Income***") to the extent that such taxpayer's indebtedness is discharged for an amount less than the indebtedness' adjusted

issue price determined in the manner described below. Generally, the amount of COD Income, subject to certain statutory and judicial exceptions, is the excess of (i) the adjusted issue price of the discharged indebtedness less (ii) the sum of the fair market value (determined at the date of the exchange) of the consideration, if any, given in exchange for such discharged indebtedness including cash, property and the issue price of any new indebtedness.

Section 108(a)(1)(A) of the Tax Code provides an exception to the recognition of COD Income where a taxpayer discharging indebtedness is under the jurisdiction of a court in a case under title 11 of the Bankruptcy Code and where the discharge is granted, or is effected pursuant to a plan approved, by a U.S. Bankruptcy Court (the "***Bankruptcy Exception***"). Under the Bankruptcy Exception, the taxpayer does not recognize COD Income and is required, pursuant to Section 108(b) of the Tax Code, to reduce certain of that taxpayer's tax attributes to the extent thereof by the amount of COD Income. The attributes of the taxpayer are generally reduced in the following order: net operating loss carryforwards, general business and minimum tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer's assets, and finally, foreign tax credit carryforwards (collectively, the "***Tax Attributes***"). To the extent the amount of COD Income exceeds the amount of Tax Attributes available to be reduced, such excess is still excluded from income. Pursuant to Section 108(b)(4)(A) of the Tax Code, the reduction of Tax Attributes does not occur until the end of the taxable year after such Tax Attributes have been applied to determine the tax in the year of discharge or, in the case of asset basis reduction, the first day of the taxable year following the taxable year in which the COD Income is realized. Section 108(e)(2) of the Tax Code provides a further exception to the recognition of COD Income upon the discharge of debt, providing that a taxpayer will not recognize COD Income to the extent that the taxpayer's satisfaction of the debt would have given rise to a deduction for U.S. federal income tax purposes. Unlike Section 108(b) of the Tax Code, Section 108(e)(2) does not require a reduction in the taxpayer's Tax Attributes as a result of the non-recognition of COD Income.

As a result of the Bankruptcy Exception, it is expected that any COD Income recognized by Falcon will be excluded from income. Under Section 108(e)(2) of the Tax Code, no COD Income should result from the discharge of any accrued but unpaid interest of Falcon pursuant to the Plan to the extent payment of such interest would have given rise to a deduction.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS

The U.S. federal income tax consequences to a U.S. Holder of a Claim will depend, in part, on whether such holder's Claim constitutes a "security" of one or more Debtors. The term "security" is not defined in the Tax Code or in the Treasury Regulations issued thereunder. The determination of whether a particular debt obligation constitutes a "security" depends on an overall evaluation of the nature of the debt, including whether the holder of such debt obligation is subject to a material level of entrepreneurial risk or is effectively holding a cash equivalent. One of the most significant factors considered is the debt obligation's original term. In general, debt obligations issued with a weighted average maturity at issuance of less than five (5) years do not constitute debt securities, whereas debt obligations with a weighted average maturity at issuance of ten (10) years or more constitute securities. Each U.S. Holder of a Claim is urged to consult its tax advisor regarding the characterization of its Claims as "securities" for U.S. federal income tax purposes and the consequences of such treatment.

Generally, a U.S. Holder of a Claim that is not a security and a U.S. Holder of an Interest in Falcon should recognize gain or loss equal to the difference between the "amount realized" by such holder in exchange for its Claim and such holder's adjusted tax basis in the Claim. The "amount realized" is equal to the sum of the cash and the fair market value of any other consideration received under a plan of reorganization in respect of a holder's Claim. The tax basis of a U.S. Holder in a Claim will generally be equal to the holder's cost therefor. To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the U.S. Holder, the nature of the Claim in the U.S. Holder's hands, the purpose and circumstances of its acquisition, the U.S. Holder's holding period of the Claim and the extent to which the U.S. Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the U.S. Holder's hands, any gain or loss realized will generally be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the U.S. Holder's holding period in such Claim exceeds one year.

A U.S. Holder who receives Cash (or potentially other consideration) in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A U.S. Holder that did not previously include in income accrued but unpaid interest attributable to its Claim, and that receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for U.S. federal income tax purposes as interest, regardless of whether such holder realizes an overall gain or loss as a result of surrendering its Claim. A U.S. Holder that previously included in its income accrued but unpaid interest attributable to its Claim should recognize ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such holder realizes an overall gain or loss as a result of the distribution it receives under the Plan on account of its Claim.

The exchange of a Claim that constitutes a "security" for U.S. federal income tax purposes for New Arcapita Shares may constitute a reorganization for U.S. federal income tax purposes. This would generally serve to defer the recognition of any gain or loss realized by the U.S. Holder. However, a U.S. Holder will recognize gain to the extent of any cash and the fair market value of any property (other than New Arcapita Shares) received. Such Holder will also have interest income to the extent of any consideration allocable to accrued but unpaid interest not previously included in income. In a reorganization exchange, a U.S. Holder's aggregate tax basis in the New Arcapita Shares (or other securities received) will equal the holder's aggregate adjusted tax basis in the Claims exchanged therefor, increased by any gain or interest income recognized by the holder with respect to the exchange, and decreased by any deductions claimed in respect of any previously accrued but unpaid interest and the fair market value of any consideration received (other than New Arcapita Shares). A similar result may apply to U.S. Holders that exchange a Claim for a Sukuk Obligation or a Claim that constitutes a "security" for U.S. federal income tax purposes for a New Arcapita Warrant. Such Holders are urged to contact their tax advisors.

It is possible that New Arcapita Topco will be a "passive foreign investment company" (or PFIC), as such term is defined in Section 1297 of the Tax Code. The Debtors cannot guarantee that New Arcapita Topco will not be on the Effective Date, or later become, a

PFIC. Special adverse U.S. federal income tax rules apply to U.S. persons owning shares of a PFIC.

If New Arcapita Topco is or becomes a PFIC, any gain realized on a sale or other taxable direct or, in certain cases, indirect disposition of any of the New Arcapita Shares and certain "excess distributions" (generally distributions in excess of 125% of the average distribution over a three-year period or shorter holding period for New Arcapita Topco's shares) on account of any New Arcapita Shares would be treated as realized ratably over a U.S. Holder's holding period for such New Arcapita Shares, and amounts allocated to prior years during which New Arcapita Topco was a PFIC would be taxed at the highest tax rate in effect for each such year. An additional interest charge will apply to the portion of the U.S. federal income tax liability on such gains or distributions treated under the PFIC rules as having been deferred by the U.S. Holder. Amounts allocated to the year of sale and to any year before New Arcapita Topco became a PFIC would be taxed as ordinary income in the year of sale. These consequences can be avoided by a U.S. Holder that makes an election with respect to the common shares to have New Arcapita Topco treated as a qualified electing fund (a "***QEF Election***") and includes its pro rata share of New Arcapita Topco's income on a current basis whether or not New Arcapita Topco distributes the income to the U.S. Holder. At this time, the Debtors have made no determination as to whether New Arcapita Topco will provide the information a U.S. Holder would need to make a QEF election. In addition, if the New Arcapita Shares are publicly traded on an established securities market, a U.S. Holder may be able to make a "mark-to-market" election in order to avoid some of the adverse U.S. federal income tax consequences associated with owning shares in a PFIC.

If New Arcapita Topco is a PFIC and owns shares in another PFIC (a "lower-tier PFIC"), a U.S. Holder of New Arcapita Shares will also be subject to the excess distribution regime previously described with respect to its indirect ownership of the lower-tier PFIC. A U.S. Holder of New Arcapita Shares may be subject to taxation on an "indirect disposition" of shares of any lower-tier PFIC in which New Arcapita Topco owns shares by virtue of disposing of New Arcapita Shares.

Any U.S. Holder that owns common shares during any year that New Arcapita Topco is a PFIC would be required to file IRS Form 8621. U.S. Holders should also be aware that recently enacted legislation would impose an additional annual filing requirement for U.S. persons owning equity in a PFIC. The legislation does not describe what information would be required to be included in the additional annual filing, but grants the Secretary of the U.S. Treasury Department power to prescribe this information through regulations. As of the date of this Disclosure Statement, such regulations have not yet been promulgated.

U.S. Holders should consult their own independent tax advisors regarding the application of the PFIC rules to the New Arcapita Shares and any entity that holds New Arcapita Shares.

C. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

A Non-U.S. Holder of a Claim generally will not be subject to U.S. federal income tax with respect to property (including money) received in exchange for such Claim

pursuant to the Plan, unless (i) such holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for U.S. federal income tax purposes, or (ii) if such holder is an individual, such holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met. In the case of (i) in the preceding sentence, such Non-U.S. Holder will generally be subject to tax with respect to a Claim in the same manner as a U.S. Holder, and, in the case of (ii) in the preceding sentence, such Non-U.S. Holder will generally be subject to a 30 percent tax on the net gain realized on the exchange, which may be offset by U.S. source capital losses realized during the same taxable year. Non-U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the Plan.

XX. CERTAIN CAYMAN ISLANDS TAX CONSEQUENCES

The following discussion summarizes certain Cayman Islands tax consequences of the implementation of the Plan.

There is at present no corporation, income, capital gains or profits tax, or tax by way of withholding in the Cayman Islands, and so there is no tax in the Cayman Islands that would apply to: (a) payments of money or property in connection with the execution, delivery or enforcement of the Plan; or (b) the payments of money or property in exchange for Claims made under, or pursuant to, the Plan.

No stamp, registration or other duties or fees are required to be paid in the Cayman Islands in respect of the execution or performance of the Plan, except that stamp duty may be payable upon a document related to the Plan if that document is executed in the Cayman Islands or if an executed copy of that document is brought to the Cayman Islands.

XXI. CERTAIN BAHRAINI TAX CONSEQUENCES

The following discussion summarizes certain Bahraini tax consequences of the implementation of the Plan.

There is at present no capital gains tax, value added tax, or tax by way of withholding in the Bahrain. Corporate tax at a rate of 46% is charged only to corporate bodies, establishments or companies involved in exploration and refining of crude oil or other natural hydrocarbons for its own account in Bahrain. Financial institutions, including banks, are not subject to any of the above mentioned taxes. There are no special taxes that would apply in Bahrain in the event of bankruptcy.

Accordingly, while it is not anticipated that any tax in Bahrain would apply to: (a) payments of money or property in connection with the execution, delivery or enforcement of the Plan; or (b) the payments of money or property in exchange for Claims made under, or pursuant to, the Plan, Holders of Claims and Interests are urged to consult with their own advisors regarding potential tax impacts under Bahraini law.

XXII. CONCLUSION AND RECOMMENDATION

The Debtors believe the Plan is in the best interest of all Creditors and Holders of Interests and urge the Holders of Claims and Interests entitled to vote to accept the Plan and to evidence such acceptance by returning their Ballots so they will be received by the Debtors' Balloting and Claims Agent no later than **12:00 p.m. (Prevailing U.S. Eastern Time) on May 30, 2013**.

Dated: April 25, 2013

ARCAPITA BANK B.S.C.(c)

By: /s/ Atif Abdulmalik
Name: Atif Abdulmalik
Title: Chief Executive Officer

ARCAPITA INVESTMENT HOLDINGS LIMITED
ARCAPITA LT HOLDINGS LIMITED
WINDTURBINE HOLDINGS LIMITED
AEID II HOLDINGS LIMITED
RAILINVEST HOLDINGS LIMITED

By: /s/ Mohammed Chowdhury
Name: Mohammed Chowdhury
Title: Director

FALCON GAS STORAGE COMPANY, INC.

By: /s/ Kevin Keough
Name: Kevin Keough
Title: Director

AS DEBTORS AND DEBTORS IN POSSESSION

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EXHIBIT A
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and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

SECOND AMENDED JOINT PLAN OF REORGANIZATION OF ARCAPITA BANK B.S.C.(c) AND RELATED DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: New York, New York
April 25, 2013

TABLE OF CONTENTS

INTRODUCTION

Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, Windturbine Holdings Limited, AEID II Holdings Limited, Railinvest Holdings Limited, and Falcon Gas Storage Company, Inc., as debtors and debtors in possession (collectively, the "***Debtors***"), respectfully propose the following Second Amended Joint Plan of Reorganization pursuant to section 1121(a) of the Bankruptcy Code for the resolution of outstanding Claims against and Interests in each of the Debtors (the "***Plan***").

Reference is made to the Disclosure Statement with respect to the Plan, distributed contemporaneously herewith, for a discussion of the Debtors' history, businesses, properties, operations, risk factors, a summary and analysis of the Plan, and certain related matters. Subject to the restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors respectfully reserve the right to alter, amend, modify, revoke, or withdraw the Plan in the manner set forth herein prior to consummation of the Plan. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

THIS PLAN SHOULD BE CONSIDERED ONLY IN CONJUNCTION WITH THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH. THE DISCLOSURE STATEMENT IS INTENDED TO PROVIDE YOU WITH THE INFORMATION THAT YOU NEED TO MAKE AN INFORMED JUDGMENT WHETHER TO ACCEPT OR REJECT THE PLAN.

I.
DEFINED TERMS, RULES OF INTERPRETATION, AND COMPUTATION OF TIME

1.1. Definitions. As used in the Plan, capitalized terms not otherwise defined herein shall have the meanings specified in Appendix A. Unless the context otherwise requires, any capitalized term used and not defined in the Plan, but that is defined in the Bankruptcy Code, shall have the meaning assigned to that term in the Bankruptcy Code.

1.2. Rules of Construction. For purposes of the Plan, unless otherwise provided herein: (i) any reference in the Plan to a contract, instrument, release, indenture, or other agreement, whether existing or contemplated, or document being in a particular form or on particular terms and conditions means that such contract, instrument, release, indenture, or other agreement, whether existing or contemplated, or document shall be substantially in such form or substantially on such terms and conditions, (ii) unless otherwise specified, all references in the Plan to the Introduction, Articles, Sections, and Exhibits are references to the Introduction, Articles, Sections, and Exhibits of or to the Plan, as the same may be amended, waived, or modified from time to time, (iii) captions and headings to Articles and Sections are intended for convenience of reference only and are not intended to be part of or to affect interpretation of the Plan, (iv) the words "herein," "hereof," "hereunder," "hereto," and other words of similar import refer to the Plan in its entirety rather than to a particular portion of the Plan, (v) whenever it appears appropriate from the context, each pronoun stated in the masculine, feminine, or neuter

includes the masculine, feminine, and neuter, and (vi) the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

1.3. Computation of Time. In computing time prescribed or allowed by the Plan, unless otherwise expressly provided, Bankruptcy Rule 9006(a) shall apply.

II.
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL COMPENSATION CLAIMS, PRIORITY TAX CLAIMS, AND DIP FACILITY CLAIMS AGAINST THE DEBTORS

2.1. Administrative Expense Claims. On the later of (i) the Effective Date or (ii) if an Administrative Expense Claim is not Allowed as of the Effective Date, 30 days after the date on which such Administrative Expense Claim becomes Allowed, the Debtors or the Reorganized Debtors, as applicable, shall either (a) pay to each Holder of an Allowed Administrative Expense Claim, in Cash, the full amount of such Allowed Administrative Expense Claim, or (b) satisfy and discharge such Allowed Administrative Expense Claim in accordance with such other terms that the Debtors (or the Reorganized Debtors, as applicable) and such Holder shall have agreed upon; *provided*, *however*, that such agreed-upon treatment shall not be more favorable than the treatment provided in clause (a). Other than with respect to Professional Compensation Claims and Cure Claims, any Person asserting an Administrative Expense Claim must submit a proof of claim with respect to such Administrative Expense Claim to the Balloting and Claims Agent **so that it is actually received** on or before the Administrative Expense Claims Bar Date.

Notwithstanding anything to the contrary set forth herein, any Administrative Expense Claims that are also Intercompany Claims held by Arcapita Bank, AIHL, or Arcapita LT Holdings Limited against any of (i) Arcapita Bank, (ii) AIHL, or (iii) Arcapita LT Holdings Limited, shall be released and discharged on the Effective Date.

2.2. Professional Compensation Claims. Notwithstanding any other provision of the Plan dealing with Administrative Expense Claims, any Person asserting a Professional Compensation Claim shall, no later than the Effective Date, provide the Debtors with a summary of the compensation for services rendered and expense reimbursement that such Person will seek to be allowed as Professional Compensation Claim (which summary shall include, without limitation, a good faith estimate of accrued but unbilled fees and expenses through the Effective Date), and shall, no later than 30 days after the Effective Date, file a final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date. To the extent that such an application is granted by the Bankruptcy Court, the requesting Person shall receive: (i) payment of Cash from the Professional Compensation Claims Escrow Account in an amount equal to the amount Allowed by the Bankruptcy Court less all interim compensation paid to such Professional during the Chapter 11 Cases, such payment to be made before the later of (a) the Effective Date or (b) three Business Days after the order granting such Person's final fee application becomes a Final Order, or (ii) payment on such other terms as may be mutually agreed upon by the Holder of the Professional Compensation Claim and the Reorganized Debtors (but in no event shall the payment exceed the amount Allowed by the Bankruptcy Court less all interim compensation paid to such Professional during the Chapter 11 Cases). All Professional Compensation Claims for services

rendered after the Effective Date shall be paid by the Reorganized Debtors upon receipt of an invoice therefor, or on such other terms as the Reorganized Debtors and the Professional may agree, without the requirement of any order of the Bankruptcy Court.

On the Effective Date, the Debtors shall establish and fund the Professional Compensation Claims Escrow Account in an amount sufficient to pay, in full, any then unpaid fees and expenses (including, without limitation, any estimated, accrued but unbilled fees and expenses through the Effective Date) owed to any Person asserting a Professional Compensation Claims. Amounts held in the Professional Compensation Claims Escrow Account shall not constitute property of the Debtors or the Reorganized Debtors and shall only be distributed in accordance with this Section 2.2. In the event there is a remaining balance in the Professional Compensation Claims Escrow Account following payment of all Professional Compensation Claims in accordance with the preceding paragraph, such remaining amount, if any, shall be paid to New Arcapita Topco.

2.3. Priority Tax Claims. Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge thereof, each Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code, or, at the Debtors' election, upon notice to the Holder of an Allowed Priority Tax Claim no later than five days before the Plan Objection Deadline, in accordance with the terms set forth in section 1129(a)(9)(A) or 1129(a)(9)(B) of the Bankruptcy Code.

2.4. DIP Facility Claims. Notwithstanding any other provision of the Plan dealing with Administrative Expense Claims or Secured Claims to the contrary, Holders of DIP Facility Claims shall, in full and final satisfaction, settlement, release, and discharge of their DIP Facility Claims and in accordance with the New Facility Distribution Procedures, be paid the full amount of each such Holder's outstanding DIP Facility Claims in full in Cash on the Effective Date and the DIP Facility shall terminate and be of no further force or effect other than those provisions therein that by their terms expressly survive termination.

2.5. U.S. Trustee Fees. Any accrued but unpaid U.S. Trustee Fees incurred prior to the Effective Date shall be paid on the Effective Date. Until each of the Chapter 11 Cases is closed by entry of a final decree of the Bankruptcy Court, any additional U.S. Trustee Fees shall be paid by the applicable Reorganized Debtor in accordance with the schedule for the payment of such fees.

2.6. Ad Hoc Group Fees. On the Effective Date, New Arcapita Topco shall pay in Cash the Ad Hoc Group Fees, without the need for the Ad Hoc Group to file fee applications with the Bankruptcy Court; *provided*, *however*, that (i) the Ad Hoc Group shall provide the Debtors and the Committee with the invoices for which it seeks payment at least ten (10) days prior to the Effective Date, and (ii) the Debtors and the Committee do not object to the reasonableness of the Ad Hoc Group Fees; *provided further*, *however*, that notwithstanding the foregoing, New Arcapita Topco shall not be required to pay any Ad Hoc Group Fees unless the Ad Hoc Group supports the Plan. To the extent that the Debtors or the Committee object to the reasonableness of any portion of the Ad Hoc Group Fees, New Arcapita Topco shall not be

required to pay such disputed portion until either such objection is resolved or a further order of the Bankruptcy Court is entered providing for payment of such disputed portion.

III.
CLASSIFICATION OF CLAIMS AGAINST AND INTERESTS IN DEBTORS

3.1. Classification of Claims. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class for the purposes of voting on the Plan and receiving Distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been paid, released, withdrawn, or otherwise settled prior to the Effective Date. The fact that a particular Class of Claims is designated for a Debtor does not necessarily mean there are any Allowed Claims in such Class against such Debtor. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8), respectively, of the Bankruptcy Code have not been classified and their treatment is set forth in Article II.

The Plan constitutes a separate chapter 11 Subplan for each of the Debtors. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Interests in the Debtors.

3.2. Classes. The Claims against and Interests in the Debtors are classified as follows:

3.2.1. Classes 1(a)-(g): Other Priority Claims.

Class	Claims and Interests	Status	Voting Rights
Class 1(a)	Other Priority Claims against Arcapita Bank B.S.C.(c)	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(b)	Other Priority Claims against Arcapita Investment Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(c)	Other Priority Claims against Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(d)	Other Priority Claims against Windturbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(e)	Other Priority Claims against AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 1(f)	Other Priority Claims against Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)

Class 1(g)	Other Priority Claims against Falcon Gas Storage Company, Inc.	Unimpaired	Not entitled to vote (Presumed to accept)

3.2.2. Classes 2(a)-(f): SCB Claims.

Class	Claims and Interests	Status	Voting Rights
Class 2(a)	SCB Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 2(b)	SCB Claims against Arcapita Investment Holdings Limited	Impaired	Entitled to vote
Class 2(c)	SCB Claims against Arcapita LT Holdings Limited	Impaired	Entitled to vote
Class 2(d)	SCB Claims against Windturbine Holdings Limited	Impaired	Entitled to vote
Class 2(e)	SCB Claims against AEID II Holdings Limited	Impaired	Entitled to vote
Class 2(f)	SCB Claims against Railinvest Holdings Limited	Impaired	Entitled to vote

3.2.3. Classes 3(a)-(g): Other Secured Claims.

Class	Claims and Interests	Status	Voting Rights
Class 3(a)	Other Secured Claims against Arcapita Bank B.S.C.(c)	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(b)	Other Secured Claims against Arcapita Investment Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(c)	Other Secured Claims against Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(d)	Other Secured Claims against Windturbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(e)	Other Secured Claims against AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 3(f)	Other Secured Claims against Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)

Class 3(g)	Other Secured Claims against Falcon Gas Storage Company, Inc.	Unimpaired	Not entitled to vote (Presumed to accept)

3.2.4. Classes 4(a)-(b): Syndicated Facility Claims and Arcsukuk Claims.

Class	Claims and Interests	Status	Voting Rights
Class 4(a)	Syndicated Facility Claims and Arcsukuk Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 4(b)	Syndicated Facility Claims and Arcsukuk Claims against Arcapita Investment Holdings Limited	Impaired	Entitled to vote

3.2.5. Classes 5(a)-(g): General Unsecured Claims.

Class	Claims and Interests	Status	Voting Rights
Class 5(a)	General Unsecured Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 5(b)	General Unsecured Claims against Arcapita Investment Holdings Limited	Impaired	Entitled to vote
Class 5(c)	General Unsecured Claims against Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 5(d)	General Unsecured Claims against Windturbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 5(e)	General Unsecured Claims against AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 5(f)	General Unsecured Claims against Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 5(g)	General Unsecured Claims against Falcon Gas Storage Company, Inc.	Impaired	Entitled to vote

3.2.6. Class 6(a): Convenience Claims.

Class	Claims and Interests	Status	Voting Rights
Class 6(a)	Convenience Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote

3.2.7. Classes 7(a)-(g): Intercompany Claims.

Class	Claims and Interests	Status	Voting Rights
Class 7(a)	Intercompany Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 7(b)	Intercompany Claims against Arcapita Investment Holdings Limited	Impaired	Entitled to vote
Class 7(c)	Intercompany Claims against Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 7(d)	Intercompany Claims against Windturbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 7(e)	Intercompany Claims against AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 7(f)	Intercompany Claims against Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 7(g)	Intercompany Claims against Falcon Gas Storage Company, Inc.	Impaired	Entitled to vote

3.2.8. Classes 8(a) and 8(g): Subordinated Claims.

Class	Claims and Interests	Status	Voting Rights
Class 8(a)	Subordinated Claims against Arcapita Bank B.S.C.(c)	Impaired	Entitled to vote
Class 8(g)	Subordinated Claims against Falcon Gas Storage Company, Inc.	Impaired	Entitled to vote

3.2.9. Classes 9(a)-(g): Interests.

Class	Claims and Interests	Status	Voting Rights
Class 9(a)	Interests in Arcapita Bank B.S.C.(c)	Unimpaired; except as provided in Section 4.9.2	Not entitled to vote (Presumed to accept or deemed to reject)
Class 9(b)	Intercompany Interests in Arcapita Investment Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)

Class 9(c)	Intercompany Interests in Arcapita LT Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(d)	Intercompany Interests in Windturbine Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(e)	Intercompany Interests in AEID II Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(f)	Intercompany Interests in Railinvest Holdings Limited	Unimpaired	Not entitled to vote (Presumed to accept)
Class 9(g)	Interests in Falcon Gas Storage Company, Inc.	Impaired	Entitled to vote

3.2.10. Classes 10(a) and 10(g): Super-Subordinated Claims.

Class	Claims and Interests	Status	Voting Rights
Class 10(a)	Super-Subordinated Claims against Arcapita Bank B.S.C.(c)	Impaired	Not Entitled to vote (Deemed to reject)
Class 10(g)	Super-Subordinated Claims against Falcon Gas Storage Company, Inc.	Impaired	Not Entitled to vote (Deemed to reject)

3.3. Effect of Non-Voting; Modifications. At the Confirmation Hearing, the Debtors will seek a ruling that if no Holder of a Claim or Interest eligible to vote in a particular Class timely votes to accept or reject the Plan, the Plan will be deemed accepted by the Holders of such Claims or Interests in such Class for the purposes of section 1129(b) of the Bankruptcy Code. Subject to section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors reserve the right to modify the Plan to the extent that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, *provided*, such modifications are consistent with Section 12.5 below.

IV.
TREATMENT OF CLAIMS AND INTERESTS AND DESIGNATION WITH RESPECT TO IMPAIRMENT

4.1. Treatment of Classes 1(a)-(g): Other Priority Claims.

4.1.1. Impairment and Voting. Classes 1(a)-(g) are Unimpaired by the Plan. Each Holder of an Allowed Other Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

4.1.2. Treatment. On the Distribution Date, each Holder of an Allowed Other Priority Claim as of the Distribution Record Date shall receive in full satisfaction, release, and

discharge of and in exchange for such Claim: (i) payment of Cash in an amount equal to the unpaid portion of such Allowed Other Priority Claim, or (ii) such other treatment that the Debtors and such Holder shall have agreed upon in writing; *provided*, *however*, that such agreed-upon treatment shall not be more favorable than the treatment provided in clause (i).

4.2. Treatment of Classes 2(a)-(f): SCB Claims.

4.2.1. Impairment and Voting. Classes 2(a)-(f) are Impaired by the Plan. SCB, as the Holder of the Allowed SCB Claims as of the Record Date is entitled to vote to accept or reject the Plan.

4.2.2. Treatment. On the Effective Date, SCB, as the Holder of the SCB Claims as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such SCB Claims and in accordance with the New Facility Distribution Procedures, receive the New SCB Facility Obligations. It is a condition precedent to the receipt of the New SCB Facility Obligations that SCB, as the Holder of the Allowed SCB Claims, comply with the New Facility Distribution Procedures.

4.3. Treatment of Classes 3(a)-(g): Other Secured Claims.

4.3.1. Impairment and Voting. Classes 3(a)-(g) are Unimpaired by the Plan. Each Holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

4.3.2. Treatment. Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, each Allowed Other Secured Claim shall be Reinstated or otherwise rendered Unimpaired as of the Effective Date.

4.4. Treatment of Classes 4(a)-(b): Syndicated Facility and Arcsukuk Claims.

4.4.1. Impairment and Voting. Classes 4(a)-(b) are Impaired by the Plan. Each Holder of an Allowed Syndicated Facility Claim or an Allowed Arcsukuk Claim as of the Record Date is entitled to vote to accept or reject the Plan.

4.4.2. Treatment. Each Holder of an Allowed Syndicated Facility Claim or an Allowed Arcsukuk Claim as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such Holder's Syndicated Facility Claim or Arcsukuk Claim and in accordance with the New Unsecured Claim Distribution Procedures, receive (i) on account of its Allowed Class 4(a) Syndicated Facility Claim or Allowed Class 4(a) Arcsukuk Claim, its Pro Rata Share of the Bank Syndicated Facility/Arcsukuk Consideration, (ii) on account of its Allowed Class 4(b) Syndicated Facility Claim or Allowed Class 4(b) Arcsukuk Claim, its Pro Rata Share of the AIHL Syndicated Facility/Arcsukuk Consideration, and (iii) with respect to any such Holder whose Class 4(b) Syndicated Facility Claim or Class 4(b) Arcsukuk Claim has been Disallowed in whole or in part, its Pro Rata Share of the Contingent Class 4(a) Consideration; *provided*, *however*, that if any Holder of an Allowed Syndicated Facility Claim or an Allowed Arcsukuk Claim entitled to receive such consideration is a Non-Eligible Claimant, any Bank Syndicated Facility/Arcsukuk Consideration, AIHL Syndicated Facility/Arcsukuk Consideration, and Contingent Class 4(a) Consideration distributable to such

Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Syndicated Facility Claim or Allowed Arcsukuk Claim must, as a condition precedent to the receipt of the Bank Syndicated Facility/Arcsukuk Consideration, AIHL Syndicated Facility/Arcsukuk Consideration, and Contingent Class 4(a) Consideration (or the proceeds thereof), comply with the New Unsecured Claim Distribution Procedures.

4.5. Treatment of Classes 5(a)-(g): General Unsecured Claims.

4.5.1. Impairment and Voting.

4.5.1.1. *Classes 5(a)-(b)*. Classes 5(a)-(b) are Impaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Classes 5(a)-(b) as of the Record Date is entitled to vote to accept or reject the Plan.

4.5.1.2. *Classes 5(c)-(f)*. Classes 5(c)-(f) are Unimpaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Classes 5(c)-(f) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

4.5.1.3. *Class 5(g)*. Class 5(g) is Impaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Class 5(g) as of the Record Date is entitled to vote to accept or reject the Plan.

4.5.2. Treatment.

4.5.2.1. *Class 5(a)*. Each Holder of an Allowed General Unsecured Claim in Class 5(a) as of the Distribution Record Date shall receive, subject to the Convenience Class Election, in full satisfaction, release, and discharge of and in exchange for such Holder's Class 5(a) General Unsecured Claim and in accordance with the New Unsecured Claim Distribution Procedures, its Pro Rata Share of the Class 5(a) Consideration; *provided*, *however*, that if any Holder of an Allowed General Unsecured Claim in Class 5(a) entitled to receive such Class 5(a) Consideration is a Non-Eligible Claimant, the Class 5(a) Consideration distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Class 5(a) General Unsecured Claim must, as a condition precedent to the receipt of the Class 5(a) Consideration (or the proceeds thereof), comply with the New Unsecured Claim Distribution Procedures. Notwithstanding the foregoing, each Holder of an Allowed Class 5(a) General Unsecured Claim shall be entitled, by exercise of the election set forth on the Ballot with respect to such Class 5(a) General Unsecured Claim, to make the Convenience Class Election with respect to all of such Holder's Allowed Class 5(a) General Unsecured Claims. Making the Convenience Class Election is voluntary. By making the Convenience Class Election for any Allowed Class 5(a) General Unsecured Claim, such Holder will be deemed to have made such Election with respect to all of such Holder's Allowed Class 5(a) General Unsecured Claims and to have agreed to reduce the amount of its aggregate Allowed Class 5(a) General Unsecured Claims to the lesser of (i) the aggregate amount of such claims or (ii) $25,000, which reduced claim shall be the Holder's Allowed Class 6(a) Convenience Claim. Making the Convenience Class Election shall constitute a Class 6(a) vote to

accept the Plan and shall constitute the Holder's agreement to waive Class 5(a) treatment; instead such Holder shall be deemed to have an Allowed Class 6(a) Convenience Claim and receive the treatment specified for Class 6(a) Convenience Claims below.

4.5.2.2. *Class 5(b)*. Each Holder of an Allowed General Unsecured Claim in Class 5(b) as of the Distribution Record Date shall receive, in full satisfaction, release, and discharge of and in exchange for such Holder's Class 5(b) General Unsecured Claim and in accordance with the New Unsecured Claim Distribution Procedures, its Pro Rata Share of the Class 5(b) Consideration; *provided*, *however*, that if any Holder of an Allowed General Unsecured Claim in Class 5(b) entitled to receive such Class 5(b) Consideration is a Non-Eligible Claimant, the Class 5(b) Consideration distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution. Each Holder of an Allowed Class 5(b) General Unsecured Claim must, as a condition precedent to the receipt of the Class 5(b) Consideration, (or the proceeds thereof) comply with the New Unsecured Claim Distribution Procedures.

4.5.2.3. *Classes 5(c)-(f)*. Except to the extent that a Holder of an Allowed General Unsecured Claim in Classes 5(c)-(f) agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed General Unsecured Claim in Classes 5(c)-(f) shall, in the discretion of the applicable Debtor, be Reinstated, paid in full, or otherwise rendered Unimpaired, and the applicable Reorganized Debtors shall remain liable for each such Allowed General Unsecured Claim until paid in full. Without limiting the generality of the foregoing, if an Allowed General Unsecured Claim in Classes 5(c)-(f) arises (i) based on liabilities incurred in, or to be paid in, the ordinary course of business, or (ii) pursuant to an Executory Contract or Unexpired Lease, the Holder of such Allowed General Unsecured Claim shall be paid in Cash by the applicable Debtor (or, after the Effective Date, by the applicable Reorganized Debtor) pursuant to the terms and conditions of the particular transaction and/or agreement giving rise to such Allowed General Unsecured Claim. The Debtors and the Reorganized Debtors, as applicable, reserve their rights to dispute in the Bankruptcy Court or any other court with jurisdiction the validity or amount of any General Unsecured Claim at any time prior to or after the Claims Objection Bar Date.

4.5.2.4. *Class 5(g)*. Each Holder of an Allowed General Unsecured Claim in Class 5(g) as of the Distribution Record Date shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate Allowed Claims in Class 5(g), by (ii) the aggregate Allowed Claims in Classes 5(g) and 7(g).

4.6. Treatment of Classes 6(a): Convenience Claims.

4.6.1. Impairment and Voting. Class 6(a) is Impaired by the Plan. Class 6(a) is an elective class for those making the Convenience Class Election, and, as a condition to such Election, each Holder of an Allowed Convenience Claim in Class 6(a) as of the Record Date is deemed to have accepted the Plan.

4.6.2. Treatment. On the Distribution Date, each Holder of an Allowed Convenience Claim in Class 6(a) as of the Distribution Record Date shall receive, in full satisfaction, release, and discharge of and in exchange for all Allowed Class 5(a) General

Unsecured Claims held by such Holder and in accordance with the New Unsecured Claim Distribution Procedures, Cash equal to 50% of its Allowed Convenience Claim; *provided*, *however*, that each Holder of an Allowed Convenience Claim must, as a condition precedent to the receipt of the foregoing Cash consideration, comply with the New Unsecured Claim Distribution Procedures; *provided further*, *however*, that the aggregate Cash consideration payable to Holders of Allowed Convenience Claims shall not exceed $9,700,000 and the Cash consideration payable to each Holder of an Allowed Convenience Claim shall be reduced proportionately to the extent aggregate payments would otherwise exceed such amount. The Convenience Class Election shall only be effective if the Effective Date occurs.

4.7. Treatment of Classes 7(a)-(g): Intercompany Claims.

4.7.1. Impairment and Voting.

4.7.1.1. *Classes 7(a)-(b)*. Classes 7(a)-(b) are Impaired by the Plan. Each Holder of an Allowed Intercompany Claim in Classes 7(a)-(b) as of the Record Date is entitled to vote to accept or reject the Plan.

4.7.1.2. *Classes 7(c)-(f)*. Classes 7(c)-(f) are Unimpaired by the Plan. Each Holder of an Allowed Intercompany Claim in Classes 7(c)-(f) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

4.7.1.3. *Class 7(g)*. Class 7(g) is Impaired by the Plan. Each Holder of an Allowed Intercompany Claim in Class 7(g) as of the Record Date is entitled to vote to accept or reject the Plan.

4.7.2. Treatment.

4.7.2.1. *Classes 7(a)-(b)*. Each Holder of an Allowed Intercompany Claim in Classes 7(a)-(b) as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such Holder's Intercompany Claim, receive USD $100.00 in Cash on the Effective Date.

4.7.2.2. *Classes 7(c)-(f)*. Intercompany Claims in Classes 7(c)-(f) will be Reinstated as of the Effective Date, except as provided in the Implementation Memorandum.

4.7.2.3. *Class 7(g)*. Each Holder of an Allowed Intercompany Claim in Class 7(g) as of the Distribution Record Date shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate Allowed Claims in Class 7(g), by (ii) the aggregate Allowed Claims in Classes 5(g) and 7(g).

4.8. Treatment of Classes 8(a) and 8(g): Subordinated Claims.

4.8.1. Impairment and Voting. Classes 8(a) and 8(g) are Impaired by the Plan. Each Holder of an Allowed Subordinated Claim in Classes 8(a) and 8(g) as of the Record Date is entitled to vote to accept or reject the Plan.

4.8.2. Treatment.

4.8.2.1. *Class 8(a)*. Each Holder of an Allowed Subordinated Claim in Class 8(a) as of the Distribution Record Date shall, in full satisfaction, release, and discharge of and in exchange for such Holder's Subordinated Claim, receive its Pro Rata Share of the Subordinated Claim Warrants; *provided*, *however*, that if any Holder of an Allowed Subordinated Claim in Class 8(a) entitled to receive such Subordinated Claim Warrants is a Non-Eligible Claimant, the Subordinated Claim Warrants distributable to such Non-Eligible Claimant shall be liquidated by the Disbursing Agent and such Non-Eligible Claimant shall receive the proceeds thereof in lieu of any other Distribution; *provided further*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired, or (ii) the Holders of a majority of Shares in Arcapita Bank do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended to provide that Holders of Allowed Subordinated Claims in Class 8(a) shall not receive any Distributions or retain any property on account of such Claims. Each Holder of an Allowed Class 8(a) Subordinated Claim must, as a condition precedent to the receipt of the Subordinated Claim Warrants, (or the proceeds thereof) comply with the New Unsecured Claim Distribution Procedures.

4.8.2.2. *Class 8(g)*. Holders of Allowed Subordinated Claims in Class 8(g) shall not receive any Distributions on account of such Claims unless and until all Holders of Allowed Claims in Classes 1(g), 3(g), 5(g), and 7(g) are satisfied in full, in which case each Holder of an Allowed Subordinated Claim in Class 8(g) as of the Distribution Record Date shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) the aggregate amount of Allowed Class 8(g) Subordinated Claims, by (ii) the aggregate amount of Allowed Class 8(g) Subordinated Claims plus $70,000,000.

4.9. Treatment of Classes 9(a)-(g): Interests.

4.9.1. Impairment and Voting.

4.9.1.1. *Class 9(a)*. Class 9(a) is Unimpaired by the Plan. Each Holder of an Interest in Class 9(a) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan; *provided*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired, or (ii) the Holders of a majority of Shares in Arcapita Bank do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended as set forth in Section 4.9.2.1 hereof, in which case each Interest in Class 9(a) shall be Impaired and each Holder of an Interest in Class 9(a) shall be deemed to have rejected the Plan and will not be entitled to vote to accept or reject the Plan.

4.9.1.2. *Classes 9(b)-(f)*. Classes 9(b)-(f) are Unimpaired by the Plan. Each Holder of an Interest in Classes 9(b)-(f) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

4.9.1.3. *Class 9(g)*. Class 9(g) is Impaired by the Plan. Each Holder of an Interest in Class 9(g) as of the Record Date is entitled to vote to accept or reject the Plan.

4.9.2. Treatment.

4.9.2.1. *Class 9(a)*. Interests in Class 9(a) shall be Reinstated and, subject to compliance with the Warrant Distribution Conditions, each Holder of a Share in Arcapita Bank that agrees to be a Transferring Shareholder shall be entitled to receive, in exchange for transferring all Shares in Arcapita Bank held by such Holder to New Arcapita Bank Holdco prior to the Effective Date, a Pro Rata Share of the Transferring Shareholder Warrants; *provided*, *however*, that if either (i) the Bankruptcy Court determines that the Plan cannot be confirmed in light of the fact that Interests in Class 9(a) are left Unimpaired, or (ii) the Holders of a majority of Shares in Arcapita Bank do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Plan may be amended to provide that Interests in Class 9(a) are Impaired, in which case all Interests in Class 9(a) shall be cancelled and all rights and interests therein shall be terminated as of the Effective Date and new Shares in Arcapita Bank shall be issued to New Arcapita Bank Holdco in accordance with the Implementation Memorandum and the New Arcapita Shareholder Warrants shall not be issued.

4.9.2.2. *Classes 9(b)-(f)*. To preserve the Debtors' corporate structure for the benefit of the Holders of Syndicated Facility Claims, SCB Claims, Arcsukuk Claims, and General Unsecured Claims, the Interests in each of Classes 9(b)-(f) shall be Reinstated. Shares in Arcapita LT Holdings Limited shall be transferred to New Arcapita Holdco 2, as provided in the Implementation Memorandum.

4.9.2.3. *Class 9(g)*. Holders of Interests in Class 9(g) shall not receive any Distributions on account of such Interests unless and until all Holders of Allowed Claims in Classes 1(g), 3(g), 5(g), and 7(g) are satisfied in full, in which case each Holder of an Interest in Class 9(g) as of the applicable quarterly distribution date as set forth in Section 8.3.5 shall receive its Pro Rata Share of a percentage of Falcon Available Cash equal to the quotient obtained by dividing (i) $70,000,000, by (ii) the aggregate amount of Allowed Class 8(g) Subordinated Claims plus $70,000,000.

4.10. Treatment of Classes 10(a) and 10(g): Super-Subordinated Claims.

4.10.1. Impairment and Voting. Classes 10(a) and 10(g) are Impaired by the Plan. Each Holder of a Claim in Classes 10(a) and 10(g) is deemed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

4.10.2. Treatment. Holders of Allowed Claims in Classes 10(a) and 10(g) shall not receive any Distributions or retain any property on account of such Claims.

V.
PROVISIONS REGARDING VOTING, EFFECT OF REJECTION BY IMPAIRED CLASSES, AND CONSEQUENCES OF NON-CONFIRMABILITY

5.1. Voting Rights. Each Holder of an Allowed Claim or Interest as of the Record Date in an Impaired Class of Claims or Interests that is not deemed to have rejected the Plan, shall be entitled to vote to accept or reject the Plan as provided in the Disclosure Statement Approval Order.

5.2. Acceptance Requirements. An Impaired Class of Claims shall have accepted the Plan if votes to accept the Plan have been cast by at least two-thirds in amount and more than one-half in number of the Allowed Claims in such Class that have voted on the Plan. An Impaired Class of Interests shall have accepted the Plan if votes to accept the Plan have been cast by at least two-thirds in amount of the Allowed Interests in such Class that have voted on the Plan.

5.3. Cram Down. If all applicable requirements for Confirmation of any Subplan are met as set forth in section 1129(a) of the Bankruptcy Code, except subsection (8) thereof, the Plan shall be treated as a request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of subsection 1129(a)(8) of the Bankruptcy Code, on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims and Interests that is Impaired under, and has not accepted, the Plan or any Subplan incorporated therein. If the Debtors determine that the Plan cannot be confirmed under section 1129(b) of the Bankruptcy Code without eliminating the distribution to any junior Class or Classes, the Plan may, in the Debtors' sole discretion, be modified to eliminate such distribution, the Class or Classes as to which distributions are eliminated shall be deemed to be a rejecting Class or Classes, and the Plan may be treated as a request that the Bankruptcy Court confirm the Plan, as so modified, in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of section 1129(a)(8) of the Bankruptcy Code, on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims and Interests that is Impaired under, and has not accepted, the Plan.

5.4. Tabulation of the Votes. The Debtors shall tabulate all votes by Class on a non-consolidated basis. If no Impaired Classes accept the Plan, or any Debtor's Subplan incorporated therein, the Debtors may modify the Plan, or such Subplan, to appropriately address the rights of the Holders of Allowed Claims.

5.5. Non-Confirmability. If the Plan, or any Debtor's Subplan incorporated therein, has not been accepted by the Classes of Claims and Interests entitled to vote with respect thereto in accordance with Section 5.2 hereof, and the Debtors determine that the Plan, or such Subplan, cannot be confirmed under section 1129(b) of the Bankruptcy Code, or if the Bankruptcy Court, upon consideration, declines to approve Confirmation of the Plan, or such Subplan, the Debtors may seek to (i) propose a new plan or plans of reorganization for the Debtors or for the Debtor that is the subject of such Subplan, (ii) amend the current Plan or any Subplan incorporated therein to satisfy any and all objections, (iii) withdraw the Plan or the relevant Subplan, or (iv) convert or dismiss the Chapter 11 Cases or any thereof.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1. Assumption and Rejection of Contracts and Unexpired Leases. Except as otherwise provided herein or pursuant to the Confirmation Order, all Executory Contracts and Unexpired Leases that exist between any Debtor and any Person, shall be rejected pursuant to section 365(a) of the Bankruptcy Code as of the Effective Date, except for any such contract or lease (i) that has been assumed, rejected, or renegotiated and assumed on renegotiated terms, pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject, or a motion to approve renegotiated terms and to assume on such renegotiated terms, that has been filed and served prior to the Effective Date, (iii) that is an Intercompany Contract, or (iv) that is identified on the Assumed Executory Contract and Unexpired Lease List or in this Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the rejection, pursuant to section 365(a) of the Bankruptcy Code, of the Executory Contracts and Unexpired Leases other than those identified above. For the avoidance of doubt, on the Effective Date, the applicable Debtors shall assume the Senior Management Global Settlement; and shall assume the Lusail Transaction Documents on modified terms to ensure that no payments will be due to QRE Investments W.L.L. unless and until the Lusail Option is exercised or a similar monetization transaction takes place that monetizes the Arcapita Group's interests in the Lusail Land, and shall assign the Lusail Transaction Documents to one of the New Holding Companies. Each Executory Contract and Unexpired Lease assumed pursuant to this Section 6.1 or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the applicable Reorganized Debtor(s) in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court.

6.2. Claims Based on Rejection of Executory Contracts or Unexpired Leases. A Proof of Claim with respect to a Claim, if any, arising from the rejection of an Executory Contract or Unexpired Lease, pursuant to the Plan or otherwise must be filed with the Bankruptcy Court within 30 days after the date of entry of the order of the Bankruptcy Court (including the Confirmation Order, if applicable) approving such rejection. Any Claim arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates, or their respective property, without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court. All Claims arising from the rejection of Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims, Subordinated Claims, or Super-Subordinated Claims, as applicable, and shall be treated in accordance with Section 4.5, 4.8, or 4.10 of the Plan, as applicable, or in such other manner as directed by the Bankruptcy Court.

6.3. Cure of Defaults. Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure Claim in Cash on the later of (i) the Effective Date or (ii) the date on which such Cure Claim is Allowed, or on such other terms as the parties to any such Executory Contract or Unexpired Lease may otherwise agree. In the event of a dispute regarding (i) the existence or amount of the Cure Claim, (ii) the ability of the

applicable Reorganized Debtor(s) or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (iii) any other matter pertaining to assumption, the payments required by section 365(b)(1) of the Bankruptcy Code in respect of Cure Claims shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least 20 days prior to the Confirmation Hearing, the Debtors shall provide notices of proposed assumption and proposed Cure Claims to the counterparties to the Executory Contracts and Unexpired Leases to be assumed. Any objection by any such counterparty to a proposed assumption or related Cure Claim must be filed and served in accordance with, and otherwise comply with, the provisions of the Disclosure Statement Approval Order. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or amount of any Cure Claim will be deemed to have assented to such assumption or amount of such Cure Claim.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise, upon the payment of the applicable Cure Claim, if any, shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting change in control, change in ownership-interest or composition, or other bankruptcy-related defaults, arising under any such Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. Any Proof of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed in its entirety and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

6.4. Contracts and Leases Entered into after the Petition Date. Contracts and leases entered into during the Postpetition Period by any Debtor, including any Executory Contracts and Unexpired Leases assumed by any Debtor during the Postpetition Period, will be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

6.5. Modifications, Amendments, Supplements, Restatements, or Other Agreements. Unless otherwise provided in the Plan or in the order assuming an Executory Contract or Unexpired Lease, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to any prepetition Executory Contracts or Unexpired Leases that have been executed by the Debtors during the Postpetition Period shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless specifically addressed in such modification, amendment, supplements, or restatement.

6.6. Reservation of Rights. Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Assumed Executory Contract and Unexpired Lease List, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of purported assumption or rejection, the Debtors or Reorganized Debtors, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

VII.
MEANS OF IMPLEMENTATION OF THE PLAN

7.1. Plan Settlement. As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates a proposed compromise and settlement of numerous inter-Debtor, Debtor-Creditor, inter-Creditor, and Debtor-investor issues designed to achieve an economic settlement of Claims against all of the Debtors and an efficient resolution of the Chapter 11 Cases. These issues include, without limitation, the potential substantive consolidation of the Arcapita Group, the appropriate allocation of administrative and other fees and expenses among the various Debtors, the ownership and rights of the various Debtors and their Affiliates with respect to certain assets, the responsibilities of the various Debtors and their Affiliates to continue funding certain investments, the value of the ability to control the Debtors' investments, the nature and characterization of certain intercompany transactions, the relationship between the Debtors and their co-investors relative to the disposition of the Debtors' investments, claims related to the Debtors' Bahrain headquarters, claims against and rights of the Existing Senior Management, and potential avoidance actions against the Debtors' directors, officers, employees, shareholders, co-investors and others. In consideration for the classification of Claims and Interests, Distribution, releases, and other benefits provided under the Plan, upon the Effective Date, the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, and disputes dealt with therein. Subject to Article VIII hereof, all Distributions made to Holders of Allowed Claims and Interests in any Class are intended to be and shall be final.

7.2. Sources of Consideration for Plan Distributions.

7.2.1. Debtors' Available Cash. Cash will be available from the Debtors' operations, from the liquidation of the Debtors' assets, and from the proceeds of the Exit Facility. DIP Facility Claims shall be paid in Cash, pursuant to Section 2.4 hereof.

7.2.2. Exit Facility. On the Effective Date, the Exit Facility Obligors shall enter into the Exit Facility with the Exit Facility Agent. Confirmation of the Plan shall be deemed approval of the Exit Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Exit Facility Obligors in connection therewith) and authorization and direction for the Exit Facility Obligors to enter into and execute the Exit Facility, subject to such modifications as they may deem to be reasonably necessary to consummate their entry into the Exit Facility.

7.2.3. New SCB Facility. On the Effective Date, the New SCB Facility Obligors shall enter into the New SCB Facility. Confirmation shall be deemed approval of such New SCB Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the New SCB Facility Obligors in connection therewith) and authorization and direction for the New SCB Facility Obligors to enter into and execute all instruments, documents and agreements in connection therewith, subject to such modification as may be necessary to consummate their entry into the New SCB Facility.

7.2.4. Sukuk Facility; Issuance of Sukuk Obligations. On the Effective Date, the Sukuk Facility Obligors shall enter into the Sukuk Facility. Confirmation shall be deemed approval of such Sukuk Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Sukuk Facility Obligors in connection therewith) and authorization and direction for the Sukuk Facility Obligors to enter into and execute all instruments, documents and agreements in connection therewith, subject to such modification as may be necessary to consummate their entry into the Sukuk Facility.

The Sukuk Obligations shall be issued as provided in Articles IV, VII, and VIII of the Plan, the Implementation Memorandum, and the Sukuk Facility, as applicable. Each Distribution and issuance referred to in Article VIII hereof shall be governed by the terms and conditions set forth in the Plan applicable to such Distribution or issuance and by the terms and conditions of the applicable instruments, which terms and conditions shall bind each Person receiving such Distribution. No Distribution shall be made with respect to a Claim unless the Holder of such Claim complies with the applicable Distribution Procedures, if any.

7.2.5. Issuance of New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Shareholder Warrants. The New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Shareholder Warrants, if issued, shall be issued as provided in Articles IV, VII, and VIII of the Plan and the Implementation Memorandum, as applicable. All of the New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Shareholder Warrants shall be duly authorized, validly issued, and, to the extent applicable, fully paid, and non-assessable. Each Distribution and issuance referred to in Article VIII hereof shall be governed by the terms and conditions set forth in the Plan applicable to such Distribution or issuance and by the terms and conditions of the applicable instruments, which terms and conditions shall bind each Person receiving such Distribution. No Distribution shall be made with respect to a Claim unless the Holder of such Claim complies with the applicable Distribution Procedures, if any. The New Arcapita Ordinary Shares will be subject to dilution by the New Arcapita Creditor Warrants. The New Arcapita Ordinary Shares, including any distributed in connection with exercise of the New Arcapita Creditor Warrants, will be subject to dilution by the New Arcapita Shareholder Warrants, if issued.

7.2.6. Use of Proceeds. Cash, debt and equity available from the sources described in Sections 7.2.1-7.2.5 above shall be used by the Disbursing Agent to fund all Distributions to be made on the Distribution Date and to fund ongoing operating expenses of the Reorganized Debtors.

7.3. Rule 2004 Examinations. The power of the Reorganized Debtors to conduct examinations pursuant to Bankruptcy Rule 2004 shall be expressly preserved following the Effective Date.

7.4. Continued Existence. Except as provided herein, each Debtor will continue to exist on or after the Effective Date as a separate legal entity, with all the rights and powers applicable to such entity under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution, or otherwise) under applicable law, subject to the Implementation Memorandum.

7.5. Revesting of Assets. Except as expressly provided herein or the Implementation Memorandum, the Assets of each Debtor's Estate shall revest in the applicable Reorganized Debtor on the Effective Date. The Bankruptcy Court shall retain jurisdiction to determine disputes as to property interests created or vested by the Plan. From and after the Effective Date, the Reorganized Debtors may operate their businesses, and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, except as provided herein. As of the Effective Date, all property of the Reorganized Debtors shall be free and clear of all Claims and Interests, except as, and to the extent, provided in the Plan Documents.

7.6. Implementation Transactions. In connection with implementation of the Plan and the creation of the New Holding Companies, the Disbursing Agent and the Debtors (or, after the Effective Date, the Reorganized Debtors) (i) shall effectuate the Plan through the transactions described in the Implementation Memorandum and the Cooperation Settlement Term Sheet, (ii) may merge, dissolve, transfer assets, or otherwise consolidate any of the Debtors (other than Falcon) in furtherance of the Plan, and (iii) may engage in any other transaction in furtherance of the Plan. Any such transaction may be effected prior to, on or subsequent to the Effective Date without the necessity for any further authorization by Holders of Interests or the directors, managers or other responsible persons of any of the Debtors.

7.7. Sale of AIHL Assets. As set forth in more detail in the Implementation Memorandum, Reorganized AIHL shall transfer all of its Assets (including all AIHL assets that have revested in Reorganized AIHL pursuant to Section 7.5 of the Plan) to New Arcapita Holdco 2, in exchange for the AIHL Sukuk Obligations, the New Arcapita AIHL Class A Shares, the New Arcapita AIHL Ordinary Shares, the New Arcapita Creditor Warrants, and the obligation of New Arcapita Holdco 2 to assume and pay AIHL's obligations under the DIP Facility and the SCB Facilities, as provided herein. The Confirmation Order shall, pursuant to section 1123(a)(5) of the Bankruptcy Code, authorize and approve the sale of Reorganized AIHL's Assets to New Arcapita Holdco 2.

7.8. Transfer of Arcapita Bank Shares. Each Holder of a Share in Arcapita Bank will be offered the option to exchange all such Shares held by such Holder to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants which may be accepted at any time prior to the one-year anniversary of the Effective Date; *provided*, *however*, that if the Holders of a majority of such Shares do not agree to transfer them to New Arcapita Bank Holdco in exchange for a Pro Rata Share of the Transferring Shareholder Warrants prior to the Effective Date, then the Transferring Shareholder Warrants may not be issued to any such Holders. Any Holder of a Share in Arcapita Bank who does not elect to

exchange its Shares for a Pro Rata Share of the Transferring Shareholder Warrants prior to the expiration of the one-year deadline shall retain its Shares in Arcapita Bank and the Pro Rata Share of Transferring Shareholder Warrants which such Holder would have received shall expire and be cancelled.

7.9. Cancellation of Securities and Agreements. On the Effective Date, the Plan shall be consummated in accordance with the provisions set forth herein and: (i) the Claims against and Interests in the Debtors, whether arising under the Syndicated Facility, the SCB Facilities, the Arcsukuk Facility, or under any other Certificate, Interest, share, note, bond, indenture, purchase right, option, warrant, or other instrument or document, evidencing or creating, directly or indirectly, any indebtedness or obligation of or ownership interest in any of the Debtors (except such Certificates, notes, or other instruments or documents evidencing indebtedness or obligations of or ownership interest in any of the Debtors that are Reinstated pursuant to the Plan and as provided in Section 2.4 of the Plan), shall be cancelled, and the Reorganized Debtors shall not have any continuing obligations therefor; and (ii) the Claims against and Interests in the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation, formation or similar documents governing the shares, Certificates, notes, bonds, indentures, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in any of the Debtors (except such agreements, Certificates, notes, or other instruments or documents evidencing indebtedness or obligations of or ownership interest in the Debtors that are Reinstated pursuant to the Plan and as provided in Section 2.4 of the Plan) shall be released and discharged; *provided*, *however*, that notwithstanding Confirmation or consummation, the Syndicated Facility, the SCB Facilities, the Arcsukuk Facility and any other similar agreement that governs the rights of Holders of Claims thereunder shall continue in effect solely for the purpose of allowing such Holders to receive Distributions under and in accordance with the Plan and with respect to any party that, notwithstanding the provisions of the Plan that are binding on creditors and equity holders of the Arcapita Group wherever located, alleges not to be bound by the Plan; *provided further*, *however*, that the preceding proviso shall not affect the discharge of Claims or Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any expense or liability to the Reorganized Debtors without the express, written consent of the applicable Reorganized Debtors.

7.10. Reorganized Debtors; New Holding Companies. On the Effective Date, the New Boards of the New Holding Companies and each Reorganized Debtor shall be appointed, and each shall adopt its New Governing Documents. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other action necessary or desirable to consummate the Plan. The Corporate Structure and Governance Documents, which evidence the new corporate and corporate governance structures of the New Holding Companies and the Reorganized Debtors, will be substantially in the form filed in the Plan Supplement.

7.11. Post Effective Date Management. Pursuant to the provisions of the Corporate Structure and Governance Documents and the Reorganized Debtors' constituent documents, which may be amended from time to time, the operation, management, and control of the New Holding Companies and the Reorganized Debtors shall be the general responsibility of their

respective boards of directors or managers and senior officers (as provided under applicable law), which shall, after the Effective Date, have the responsibility for the management, control, and operation of the New Holding Companies and the Reorganized Debtors; *provided*, *however*, that certain of these functions will be outsourced to AIM pursuant to the Management Services Agreement. Entry of the Confirmation Order shall ratify and approve all actions taken by each of the Debtors from the Petition Date through and until the Effective Date.

7.12. Directors and Officers of the Reorganized Debtors. The members of the New Boards, as well as the officers, directors, managers or other responsible persons with respect to the New Holding Companies and the Reorganized Debtors will be identified in the Plan Supplement, together with their respective biographical information. A schedule of the annual compensation to be paid to persons serving as executives, officers, directors, managers or responsible persons as of the Effective Date that are Insiders (as defined in the Bankruptcy Code) will also be set forth in the Plan Supplement.

7.13. New Governing Documents of the Reorganized Debtors and New Holding Companies. The New Governing Documents of the Reorganized Debtors and the New Holding Companies (as applicable), among other things, shall prohibit the issuance of non-voting equity securities to the extent required by section 1123(a) of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors and the New Holding Companies may amend and restate their New Governing Documents, as permitted under applicable laws, subject to the terms and conditions of such documents.

7.14. Employment, Retirement, Indemnification, and Other Related Agreements. On the Effective Date, the Senior Management Global Settlement, the Key Employee Incentive Plan, and the definitive documents evidencing same, shall, automatically and without further action on the part of the New Boards of the Reorganized Debtors or the New Holding Companies, be deemed to be adopted by the Reorganized Debtors and the New Holding Companies and shall be fully operative and enforceable, and the Reorganized Debtors and the New Holding Companies, and their New Boards, shall be authorized and directed to take any and all actions necessary and appropriate to implement and perform under these plans and agreements.

On and after the Effective Date, except as set forth herein, the Reorganized Debtors and the New Holding Companies shall have the authority, as determined by the New Boards, to: (i) maintain, amend, or revise existing employment, retirement, welfare, incentive, severance, indemnification, and other agreements with its active and retired directors or managers, officers, and employees, subject to the terms and conditions of any such agreement, and to continue to maintain and provide benefits, including all post-employment benefits, in connection therewith; and (ii) enter into new employment, retirement, welfare, incentive, severance, indemnification, and other agreements for active and retired employees.

For purposes only of implementing the benefits provided pursuant to the Employee Program and Global Settlement Order and the Senior Management Global Settlement, all employees participating in any employee benefit program thereunder and employed by the Arcapita Group as of the Effective Date shall be treated as if they had been terminated on the Effective Date and all amounts due and owing to such employees thereunder at termination of

their employment shall be immediately due and payable, subject to compliance by such employees with their obligations pursuant to the Employee Program and Global Settlement Order or the Senior Management Global Settlement, as applicable.

7.15. Effectuating Documents; Further Transactions. On and after the Effective Date, the New Holding Companies and the Reorganized Debtors, and the officers and members of the New Boards, are authorized to and may, in the name of and on behalf of the applicable New Holding Companies and Reorganized Debtors, issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

7.16. Entity Action. Upon the Effective Date, all actions contemplated by the Plan shall be deemed ratified, authorized, and approved in all respects, including but not limited to: (i) entry into the Senior Management Global Settlement, (ii) the selection of the directors and officers for the New Holding Companies and the Reorganized Debtors; (iii) the distribution of the New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Shareholder Warrants in accordance with the Plan; (iv) the execution and entry into the Exit Facility, the New SCB Facility, the Sukuk Facility, and related transaction security agreements, indentures, and any other ancillary agreements relating thereto; (v) the adoption of the Key Employee Incentive Plan; (vi) the performance of any and all obligations required by or related to the Employee Program and Global Settlement Order in accordance with the terms thereof as modified herein; and (vii) all other actions contemplated by the Plan, including the actions described in the Implementation Memorandum (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the entity structure of the Debtors, the Reorganized Debtors or the New Holding Companies, and any entity action required by the Debtors, the Reorganized Debtors or the New Holding Companies in connection with the Plan shall be deemed to have occurred and shall be in effect without any requirement of further action by the security holders, directors, or officers of the Debtors, the Reorganized Debtors, or the New Holding Companies. On or prior to the Effective Date, as applicable, the appropriate officers of the Debtors, the Reorganized Debtors, or the New Holding Companies, as applicable, shall be authorized and directed, as applicable, to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors or the New Holding Companies, as applicable, including, without limitation, the Exit Facility, the New SCB Facility, the Sukuk Facility, the Senior Management Global Settlement, the Key Employee Incentive Plan, and any and all other agreements, documents, indentures, securities, and instruments relating to the foregoing. To the extent permitted by the Bankruptcy Code, the authorizations and approvals contemplated herein shall be effective notwithstanding any requirements under any non-bankruptcy law. The issuance of the New Arcapita Shares, New Arcapita Creditor Warrants, and New Arcapita Creditor Warrants shall be exempt from the requirements of section 16(b) of the Securities Exchange Act of 1934 (pursuant to Rule 16b-3 promulgated thereunder) with respect to any acquisition of securities by an officer or director (or a director deputized for purposes thereof) as of the Effective Date.

7.17. Section 1146 Exemption. Pursuant to section 1146 of the Bankruptcy Code, any transfers of property (whether from a Debtor to a Reorganized Debtor or to any other Person) pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (i) the issuance, distribution, transfer, or exchange of any debt, Equity Security, or other Interest in the Debtors, the Reorganized Debtors, or the New Holding Companies; (ii) the creation, modification, consolidation, termination, refinancing and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (iii) the making, assignment, or recording of any lease or sublease; (iv) the grant of collateral as security for any or all of the Exit Facility, the New SCB Facility, and the Sukuk Facility; or (v) the making, delivery, or recording of any deed or other instruments of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local government officials or agents shall, and shall be directed, to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

7.18. Preservation of Causes of Action. In accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action other than Released Actions, whether arising before or after the Petition Date, including, but not limited to, any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action (other than Released Actions) shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action (other than Released Actions), as appropriate, in accordance with the best interests of the Reorganized Debtors. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action (other than Released Actions) against such Person as any indication that the Debtors or Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against such Person (other than Released Actions). The Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action (other than Released Actions) against any Person, except as otherwise expressly provided in the Plan. Unless any Causes of Action (other than Released Actions) against any Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action (other than Released Actions), for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to Causes of Action (other than Released Actions) upon, after, or as a consequence of the Confirmation of the Plan or the occurrence of the Effective Date.

The Reorganized Debtors reserve and shall retain any applicable Causes of Action (other than Released Actions) notwithstanding the rejection or repudiation of any Executory Contract or

Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action (other than Released Actions) that a Debtor may hold against any Person shall vest in the applicable Reorganized Debtor(s). The applicable Reorganized Debtor(s), through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action (other than Released Actions); *provided*, *however*, that any Causes of Action that revest in Reorganized Arcapita or AIHL shall be transferred to New Arcapita Topco in accordance with the Implementation Memorandum and New Arcapita Topco may exclusively enforce any and all such Causes of Action (other than Released Actions); *provided further*, *however*, that the Committee may enforce any Causes of Action that the Committee has standing to prosecute pursuant to a Final Order. The Reorganized Debtors, New Arcapita Topco, or the Committee (solely with respect to any Causes of Action that the Committee has standing to prosecute pursuant to a Final Order), as applicable, shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any Causes of Action (other than Released Actions) and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court. New Arcapita Topco shall stand in the shoes of the Debtors and the Reorganized Debtors for purposes of the attorney client privilege held by the Debtors or the Reorganized Debtors as to any legal advice or legal services provided to or for the benefit of the Debtors or the Reorganized Debtors relating to the Causes of Action transferred to New Arcapita Topco, and the disclosure or transfer of information protected by the attorney client privilege or the work product doctrine from the Debtors or Reorganized Debtors (or their counsel) to New Arcapita Topco (or its counsel) shall not constitute a waiver of the attorney client privilege or the work product doctrine. For the avoidance of doubt, the Released Actions shall be expressly waived, released, and relinquished on the Effective Date.

This Plan expressly reserves the right of the Debtors and the Reorganized Debtors (or any other Person authorized to prosecute the rights of the Debtors' Estates) to file an adversary proceeding or other appropriate proceeding, before or after the Effective Date, to subordinate any Claim subject to subordination.

7.19. Non-occurrence of Effective Date. In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

7.20. Fountains Guarantee. In connection with the implementation of the Plan, on the Effective Date Reorganized Arcapita Bank shall execute the Fountains Guarantee and become liable for all of the obligations arising thereunder.

7.21. HQ Settlement. Confirmation of the Plan shall constitute approval of the HQ Settlement and shall bind the parties thereto to the terms thereof, as evidenced by the definitive documents with respect thereto which shall be substantially in the form filed in the Plan Supplement.

7.22. Cooperation Settlement Term Sheet. Confirmation of the Plan shall constitute approval of the documents implementing the Cooperation Settlement Term Sheet and shall bind

the parties thereto to the terms thereof, including, without limitation, the Management Services Agreement, which shall be substantially in the form filed in the Plan Supplement.

VIII.
METHOD OF DISTRIBUTIONS UNDER THE PLAN AND CLAIMS RECONCILIATION

8.1. Distributions. The Disbursing Agent shall make or cause to be made the Distributions required under the Plan to all Holders of Allowed Claims and Interests. No Distribution shall be made to any Holder until such Holder satisfies any applicable distribution condition, including compliance with any applicable Distribution Procedures. Notwithstanding anything to the contrary in the foregoing, Distributions on account of the DIP Facility Claims shall be made on the Effective Date.

8.2. Distribution Record Date. For purposes of the Plan, as of 5:00 p.m. prevailing U.S. Eastern Time on the Distribution Record Date, the records of ownership of Claims against the Debtors (including the claims register in the Chapter 11 Cases) will be closed. For purposes of the Plan, the Debtors, the Estates, the Reorganized Debtors and the Disbursing Agent shall have no obligation to recognize the transfer of any Claim occurring after the Distribution Record Date, and shall be entitled for all purposes relating to the Plan to recognize and deal only with those Holders of record as of 5:00 p.m. prevailing U.S. Eastern Time on the Distribution Record Date.

8.3. Dates of Distributions. Except as provided in this Section 8.3 and in Sections 8.3.1, 8.3.2, 8.3.3, 8.3.4, and 8.3.5 hereof, Distributions under the Plan shall be made by the Disbursing Agent on the Distribution Date. Whenever any Distribution to be made under the Plan shall be due on a day other than a Business Day, such Distribution shall instead be made, without interest, on the immediately following Business Day. Distributions due on the Effective Date shall be paid on such date or as soon thereafter as reasonably practicable, *provided* that if other provisions of the Plan require the surrender of securities or establish other conditions precedent to receiving a Distribution, the Distribution may be delayed until such surrender occurs or conditions are satisfied.

8.3.1. Distributions of Sukuk Obligations. On the Effective Date, the Disbursing Agent shall calculate the allocation of Sukuk Obligations to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(a)-(b) and 5(a)-(b) are Allowed Claims. On the Effective Date, each Holder of an Allowed Claim entitled to receive Sukuk Obligations shall receive a Distribution of Sukuk Obligations in the amount determined by the preceding sentence. Every 180 days following the Effective Date, the Disbursing Agent shall recalculate the allocation of Sukuk Obligations to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(a)-(b) and 5(a)-(b) that have not been Disallowed are Allowed Claims. Each Holder of an Allowed Claim entitled to receive Sukuk Obligations shall then receive a Distribution of Sukuk Obligations (and the proceeds thereof, including any interest accrued thereon) in an amount sufficient to make the total of all Distributions of Sukuk Obligations (and the proceeds thereof, including any interest accrued thereon) to such Holder equal to the total amount of such Distributions of Sukuk Obligations to which such Holder is entitled, as determined by the preceding sentence. At all times, the undistributed Sukuk

Obligations and any proceeds thereof shall be held by the Disbursing Agent in a segregated account.

8.3.2. Distributions of New Arcapita Shares. On the Effective Date, the Disbursing Agent shall calculate the allocation of New Arcapita Shares to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(a)-(b), and 5(a)-(b) are Allowed Claims and, for purposes of calculating the amount of Contingent Class 4(a) Claims only, as if all Claims in Class 4(b) have been Disallowed. On the Effective Date, each Holder of an Allowed Claim entitled to receive New Arcapita Shares shall receive a Distribution of New Arcapita Shares in the amount determined by the preceding sentence. Every 180 days following the Effective Date, the Disbursing Agent shall recalculate the allocation of New Arcapita Shares to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(a)-(b) and 5(a)-(b) that have not been Disallowed are Allowed Claims and, for purposes of calculating the amount of Contingent Class 4(a) Claims only, as if all Claims in Class 4(b) that have not been Allowed have been Disallowed. Each Holder of an Allowed Claim entitled to receive New Arcapita Shares shall then receive a Distribution of New Arcapita Shares (and the proceeds thereof, if any) in an amount sufficient to make the total of all Distributions of New Arcapita Shares (and the proceeds thereof, if any) to such Holder equal to the total amount of such Distributions of New Arcapita Shares to which such Holder is entitled, as determined by the preceding sentence. At all times, the undistributed New Arcapita Shares and any proceeds thereof, if any, shall be held by the Disbursing Agent in a segregated account. In the event a vote or election is required by the holders of the New Arcapita Shares, the Disbursing Agent, unless otherwise directed by the Bankruptcy Court, shall vote or make elections with respect to the New Arcapita Shares held by the Disbursing Agent on the record date for such vote or election in the same manner and proportion as all other securities of the same class(es) are voted or with respect to which elections are made by holders other than the Disbursing Agent. No partial New Arcapita Shares shall be issued; the number of New Arcapita Shares distributable to any Claimant pursuant to this Section 8.3.2 shall be calculated by disregarding any fractional portion of New Arcapita Shares to which such Claimant might otherwise be entitled.

8.3.3. Distributions of New Arcapita Shareholder Warrants. On the Effective Date, the Disbursing Agent shall calculate the allocation of New Arcapita Shareholder Warrants to be distributed in accordance with Article IV of the Plan as if all Claims in Class 8(a) are Allowed Claims. On the Effective Date, each Holder of an Allowed Claim and each Transferring Shareholder entitled to receive New Arcapita Shareholder Warrants shall receive a Distribution of New Arcapita Shareholder Warrants in the amount determined by the preceding sentence. Every 180 days following the Effective Date, the Disbursing Agent shall recalculate the allocation of New Arcapita Shareholder Warrants to be distributed in accordance with Article IV of the Plan as if all Claims in Class 8(a) that have not been Disallowed are Allowed Claims. Each Holder of an Allowed Claim and each Transferring Shareholder entitled to receive New Arcapita Shareholder Warrants shall then receive a Distribution of New Arcapita Shareholder Warrants (and the proceeds thereof, if any) in an amount sufficient to make the total of all Distributions of New Arcapita Shareholder Warrants (and the proceeds thereof, if any) to such Holder or Transferring Shareholder equal to the total amount of such Distributions of New Arcapita Shareholder Warrants to which such Holder or Transferring Shareholder is entitled, as determined by the preceding sentence. At all times, the undistributed New Arcapita Shareholder Warrants and any proceeds thereof, if any, shall be held by the Disbursing Agent in a segregated

account. No partial New Arcapita Shareholder Warrants shall be issued; the number of New Arcapita Shareholder Warrants distributable to any Claimant or Transferring Shareholder pursuant to this Section 8.3.3 shall be calculated by disregarding any fractional portion of New Arcapita Shareholder Warrants to which such Claimant or Transferring Shareholder might otherwise be entitled.

8.3.4. Distributions of New Arcapita Creditor Warrants. On the Effective Date, the Disbursing Agent shall calculate the allocation of New Arcapita Creditor Warrants to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(b) and 5(b) are Allowed Claims. On the Effective Date, each Holder of an Allowed Claim entitled to receive New Arcapita Creditor Warrants shall receive a Distribution of New Arcapita Creditor Warrants in the amount determined by the preceding sentence. Every 180 days following the Effective Date, the Disbursing Agent shall recalculate the allocation of New Arcapita Creditor Warrants to be distributed in accordance with Article IV of the Plan as if all Claims in Classes 4(b) and 5(b) that have not been Disallowed are Allowed Claims. Each Holder of an Allowed Claim entitled to receive New Arcapita Creditor Warrants shall then receive a Distribution of New Arcapita Creditor Warrants (and the proceeds thereof, if any) in an amount sufficient to make the total of all Distributions of New Arcapita Creditor Warrants (and the proceeds thereof, if any) to such Holder equal to the total amount of such Distributions of New Arcapita Creditor Warrants to which such Holder is entitled, as determined by the preceding sentence. At all times, the undistributed New Arcapita Creditor Warrants and any proceeds thereof, if any, shall be held by the Disbursing Agent in a segregated account. No partial New Arcapita Creditor Warrants shall be issued; the number of New Arcapita Creditor Warrants distributable to any Claimant pursuant to this Section 8.3.4 shall be calculated by disregarding any fractional portion of New Arcapita Creditor Warrants to which such Claimant might otherwise be entitled.

8.3.5. Distributions of Falcon Available Cash. The Disbursing Agent shall calculate the amount of Falcon Available Cash quarterly, and shall distribute any Falcon Available Cash on a quarterly basis in accordance with Article IV of the Plan as if all Claims and Interests in Classes 5(g), 7(g), 8(g), and 9(g) are Allowed. On the Effective Date, each Holder of an Allowed Claim or Interest entitled to receive Falcon Available Cash shall receive a Distribution of Falcon Available Cash in the amount determined by the preceding sentence. Any remaining Falcon Available Cash and any proceeds thereof shall be held by the Disbursing Agent in a segregated account for Distribution pursuant to this Section 8.3.5. On the last day of each quarter following the Effective Date, the Disbursing Agent shall calculate the allocation of Falcon Available Cash to be distributed in accordance with Article IV of the Plan as if all Claims and Interests in Classes 5(g), 7(g), 8(g), and 9(g) that have not been Disallowed are Allowed. Each Holder of an Allowed Claim or Interest entitled to receive Falcon Available Cash shall then receive a Distribution of Falcon Available Cash in an amount sufficient to make the total of all Distributions of Falcon Available Cash to such Holder or equal to the total amount of such Distributions of Falcon Available Cash to which such Holder is entitled, as determined by the preceding sentence. Any remaining Falcon Available Cash and any proceeds thereof shall be held by the Disbursing Agent in a segregated account for Distribution pursuant to this Section 8.3.5.

8.4. Cash Payments. Any Cash payments made pursuant to the Plan will be made in U.S. dollars or the currency in which the Claim is denominated under the applicable agreements

related thereto. Cash payments made pursuant to the Plan in the form of a check shall be null and void if not cashed within 180 days of the date of issuance thereof.

8.5. Delivery of Distributions. If the Distribution to any Holder of an Allowed Claim is returned as undeliverable, the Disbursing Agent shall use commercially reasonable efforts to determine the current address of such Holder. Undeliverable Distributions shall be held by the Disbursing Agent subject to Section 8.8 hereof.

8.6. Minimum Cash Distributions. No Cash payment less than twenty-five U.S. dollars shall be made to any Holder of an Allowed Claim unless a request therefor is made in writing to the Disbursing Agent.

8.7. Withholding Taxes.

8.7.1. The Disbursing Agent shall comply with all withholding, reporting, certification, and information requirements imposed by any federal, state, local, or foreign taxing authority and all Distributions hereunder shall, to the extent applicable, be subject to any such withholding, reporting, certification, and information requirements.

8.7.2. Persons entitled to receive Distributions hereunder shall, as a condition to receiving such Distributions, provide such information and take such steps as the Disbursing Agent may reasonably require to ensure compliance with such withholding and reporting requirements, and to enable the Disbursing Agent to obtain the certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

8.7.3. Any Person that does not provide the Disbursing Agent with requisite information after the Disbursing Agent has made at least three attempts (by written notice or request for such information, including on the Ballots in these Chapter 11 Cases) to obtain such information, may be deemed to have forfeited such Person's right to any Distributions that such Person is otherwise entitled to, and such Distributions shall be treated as Unclaimed Property under Section 8.8.

8.8. Unclaimed Property. Any Person that fails to claim any Distribution to be distributed hereunder by the Forfeiture Date shall forfeit all rights to such Distribution, and shall have no claim whatsoever with respect thereto against the New Holding Companies, the Debtors, their Estates, the Reorganized Debtors, their property, or any Holder of an Allowed Claim or Interest that has received any Distributions under the Plan.

8.9. Forfeited Property. Upon the forfeiture of Cash, such Cash shall be the property of New Arcapita Holdco 1 (except for Cash to be distributed by Falcon, which forfeited Cash shall be the property of Falcon); upon the forfeiture of the right to Distributions of any Sukuk Obligations, such Obligations shall be redistributed as if the related Claims have become Disallowed in accordance with the provisions of Section 8.3.1; upon the forfeiture of the right to Distributions of any New Arcapita Shares, such Shares shall be redistributed as if the related Claims have become Disallowed in accordance with the provisions of Section 8.3.2; upon the forfeiture of the right to Distributions of any New Arcapita Shareholder Warrants, such Warrants shall be redistributed as if the related Claims have become Disallowed in accordance with the provisions of Section 8.3.3; upon the forfeiture of the right to Distributions of any New Arcapita

Creditor Warrants, such Warrants shall be redistributed as if the related Claims have become Disallowed in accordance with the provisions of Section 8.3.4. Nothing herein shall require further efforts to attempt to locate or notify any Person with respect to any forfeited property.

8.10. Disputed Claims and Interests. If the Debtors, the Reorganized Debtors, or any other party in interest disputes any Claim against or Interest in the Debtors, such dispute shall be (i) adjudicated in the Bankruptcy Court or, to the extent that the Bankruptcy Court does not have jurisdiction, in any other court having jurisdiction over such dispute, or (ii) settled or compromised by the Debtors or the Reorganized Debtors as provided for in Sections 8.11 and 8.12 hereof. Among other things, the Debtors (on or before the Effective Date), or the Reorganized Debtors (after the Effective Date) may elect, at their respective sole option, to object to or seek estimation under section 502 of the Bankruptcy Code with respect to any Proof of Claim or Proof of Interest filed by or on behalf of a Holder of a Claim against or Interest in the Debtors. Upon Allowance of a Disputed Claim or Interest in whole or in part by Final Order, the Distribution on any portion of such Claim or Interest that is Allowed shall be made as provided in such Final Order in accordance with the Plan.

8.11. Objections to Claims and Interests. Unless a different time is set by an order of the Bankruptcy Court or otherwise established by other provisions of the Plan, all objections to Claims and Interests must be filed by the Claims Objection Bar Date; *provided*, *however*, that no such objection may be filed with respect to any Claim or Interest after the Bankruptcy Court has determined by entry of an order that such Claim or Interest is an Allowed Claim or Interest. The failure by any party in interest, including the Debtors and the Committee to object to any Claim or Interest, for purposes of voting shall not be deemed a waiver of such party's rights to object to, or re-examine, any such Claim or Interest in whole or in part. After the Effective Date, no party in interest shall have the right to object to Claims against or Interests in the Debtors or their Estates other than the Reorganized Debtors.

8.12. Compromises and Settlements. From and after the Effective Date, and without any further approval by the Bankruptcy Court, the Reorganized Debtors may compromise and settle all Claims and Causes of Action.

8.13. Reservation of Debtors' Rights. Prior to the Effective Date, the Debtors expressly reserve the right to compromise and settle (subject to the approval of the Bankruptcy Court) Claims against them or claims they may have against other Persons.

8.14. No Distributions Pending Allowance. If a Claim or Interest, or any portion of a Claim or Interest, is Disputed, no payment or Distribution will be made on account of the Disputed portion of such Claim (or the entire Claim, if the entire Claim is Disputed), unless such Disputed Claim or Interest or portion thereof becomes an Allowed Claim.

8.15. No Postpetition Interest on Claims. Unless otherwise specifically provided for in the Plan, the Confirmation Order, or other Final Order of the Bankruptcy Court, no postpetition interest or profit shall accrue or be paid on or in connection with any Claim or Interest, and no Holder of a Claim or Interest shall be entitled to interest or profit during the Postpetition Period on or in connection with any such Claim or Interest.

8.16. Claims Paid or Payable by Third Parties. The Disbursing Agent shall reduce in full a Claim, and such Claim shall be disallowed without a Claim objection having to be Filed and without further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not the Disbursing Agent. To the extent a Holder of a Claim receives a Distribution on account of such Claim and receives payment from a party that is not the Disbursing Agent on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the Distribution to the Disbursing Agent to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the Allowed amount of such Claim as of the date of any such Distribution under the Plan. The failure of such Holder to timely repay or return such Distribution shall result in the Holder owing the Disbursing Agent annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

8.17. Effect of Acceptance of Distribution. Acceptance of any Distribution or other property under the Plan will constitute the recipient's acknowledgment and agreement that all Claims, demands, liabilities, other debts against, or Interests in, the Debtors (other than those created by the Plan) have been discharged and enjoined in accordance with Article IX of the Plan.

IX.
EFFECT OF CONFIRMATION OF PLAN

9.1. Discharge.

9.1.1. Discharge of Claims Against the Debtors and the Reorganized Debtors. Except as otherwise expressly provided in the Plan or the Confirmation Order, the Confirmation of the Plan shall, as of the Effective Date: (i) discharge the Debtors (other than Falcon), the Reorganized Debtors (other than Reorganized Falcon) and any of its or their Assets from all Claims, demands, liabilities, other debts and Interests that arose on or before the Effective Date, including all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based on such debt is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim based on such debt is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the Holder of a Claim based on such debt has accepted the Plan; and (ii) preclude all Persons from asserting against the Debtors (other than Falcon), the Reorganized Debtors (other than Reorganized Falcon), or any of its or their Assets, any other or further Claims or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, all pursuant to sections 524 and 1141 of the Bankruptcy Code. The discharge provided in this provision shall void any judgment obtained against any of the Debtors at any time, to the extent that such judgment relates to a discharged Claim or Interest.

9.1.2. Injunction Related to the Discharge. **Except as otherwise provided in the Plan or the Confirmation Order, all entities, wherever located in the world, that have held, currently hold, or may hold Claims or other debts or liabilities against the Debtors, or any Interest in any or all of the Debtors, that are discharged pursuant to the terms of the Plan, are permanently enjoined, on and after the Effective Date, from taking, or causing**

any other entity to take, any of the following actions on account of any such Claims, debts, liabilities or Interests or rights: (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim, debt, liability, Interest, or right, other than to enforce any right to a Distribution pursuant to the Plan; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree or order against the Debtors, the Reorganized Debtors, or any of their Assets on account of any such Claim, debt, liability, Interest, or right; (iii) creating, perfecting, or enforcing any Lien or encumbrance against the Debtors, the Reorganized Debtors, or any of their Assets on account of any such Claim, debt, liability, Interest or right; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors, the Reorganized Debtors, or with respect to any of their Assets on account of any such Claim, debt, liability, Interest, or right; and (v) commencing or continuing any action, in any manner, in any place in the world that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order; *provided*, *however*, that Holders of Guarantee Claims shall be permitted to deliver upon the Debtors or the Reorganized Debtors, as applicable, any demand, notice or other document with respect to such Holder's Guarantee Claims, for the sole purpose of enabling such Holders to trigger the applicable Debtor's payment obligation pursuant to such Guarantee Claims; *provided further*, *however*, that the preceding proviso shall not allow any Holder of any Claim to assert or deliver any demand, notice or other document with respect to any other Claim. Such injunction shall extend to any successor of the Debtors, the Reorganized Debtors, and any of their Assets. Any Person entitled to a Distribution pursuant to the Plan that is found by the Bankruptcy Court to have willfully violated the injunction set forth in this Section 9.1.2 shall be deemed to have forfeited all rights to such Distribution or any other benefits under the Plan, and shall have no claim whatsoever with respect thereto against the New Holding Companies, the Debtors, their Estates, the Reorganized Debtors, their property, or any Holder of an Allowed Claim or Interest that has received any Distributions under the Plan. Any Person injured by any willful violation of the injunction set forth in this Section 9.1.2 shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

9.2. Releases.

9.2.1. Releases by the Debtors on Behalf of the Estates. **Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors (other than Falcon) in their individual capacities and as debtors in possession on behalf of their Estates will be deemed to release and forever waive and discharge the Released Parties from and against all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors or their Affiliates, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized**

Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, including, without limitation, the Incentive Programs, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Plan Supplement, the Disclosure Statement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted by or on behalf of the Debtors or their Estates at any time on or prior to the Effective Date against the Released Parties, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

9.2.2. Releases of Avoidance Actions. Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors (other than Falcon) in their individual capacities and as debtors in possession on behalf of their Estates will be deemed to release and forever waive and discharge any Avoidance Actions against (i) the Debtors and their Affiliates, (ii) the Released Parties, (iii) any Persons that have had funds on deposit with Arcapita Bank in a restricted investment account or an unrestricted investment account (other than Placement Banks or their Affiliates), (iv) QIB (with respect to any payments received in connection with the Lusail Transactions only), and (v) QInvest LLC (with respect to any payments received in connection with the Lusail Transactions only). Notwithstanding the foregoing, QIB and QInvest LLC shall only receive the release set forth in this Section 9.2.2 if both QIB and QInvest LLC provide all consents needed with respect to the assumption and assignment of the QRE Letter Agreement, the Lusail Lease, and the Lusail Option.

9.2.3. Certain Waivers. Although the Debtors do not believe that California law is applicable to the Plan, nevertheless, in an abundance of caution, each Debtor hereby understands and waives the effect of section 1542 of the California Civil Code to the extent that such section is applicable to the Debtors. Section 1542 of the California Civil Code provides:

> **§1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

EACH DEBTOR AGREES TO ASSUME THE RISK OF ANY AND ALL UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS WHICH ARE RELEASED BY THE PLAN AND EACH DEBTOR HEREBY WAIVES

AND RELEASES ALL RIGHTS AND BENEFITS WHICH IT MIGHT OTHERWISE HAVE UNDER THE AFOREMENTIONED SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH REGARD TO THE RELEASE OF SUCH UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS. TO THE EXTENT (IF ANY) ANY OTHER LAWS SIMILAR TO SECTION 1542 OF THE CALIFORNIA CIVIL CODE MAY BE APPLICABLE, EACH DEBTOR WAIVES AND RELEASES ANY BENEFIT, RIGHT OR DEFENSE WHICH IT MIGHT OTHERWISE HAVE UNDER ANY SUCH LAW WITH REGARD TO THE RELEASE OF UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS.

9.2.4. Releases by Holders of Claims and Interests. **Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date and for good and valuable consideration, the adequacy of which is hereby confirmed, and except as may be otherwise ordered by the Bankruptcy Court, Holders of Claims and Interests (other than Holders of Claims against or Interests in Falcon) that (i) vote to accept or reject the Plan and (ii) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph, shall be deemed to have released and forever waived and discharged the Third Party Released Parties from all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtors or their Affiliates, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Third-Party Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiations, formulation, or preparation of the Plan, the related Disclosure Statement, the related Plan Supplement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date and that could have been asserted by or on behalf of such Holders of Claims and Interests at any time up to the Effective Date against the Third-Party Released Parties, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations (except Cure Claims that have not been filed timely) of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan**.

9.2.5. Exculpation. **Except as may be otherwise ordered by the Bankruptcy Court, on and after the Effective Date, none of the Exculpated Parties shall have or incur any liability for, and each Exculpated Party is hereby released from, any claim, cause of**

action, or liability for any act or omission that occurred during and in connection with the Chapter 11 Cases or in connection with the preparation and filing of the Chapter 11 Cases, the formulation, negotiation, and/or pursuit of confirmation of the Plan, the consummation of the Plan, and/or the administration of the Plan and/or the property to be distributed under the Plan, except for claims, causes of action, or liabilities arising from the gross negligence, willful misconduct, fraud, or breach of the fiduciary duty of loyalty of any Exculpated Party, in each case subject to determination of such by Final Order and provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under the Plan. Without limiting the generality of the foregoing, the Exculpated Parties shall be entitled to and granted the protections and benefits of section 1125(e) of the Bankruptcy Code.

9.2.6. Injunction Related to Releases and Exculpation. **To the fullest extent allowed by law, and except as otherwise provided in the Plan or the Confirmation Order, all Persons that have held, currently hold, or may hold claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities that are released, waived, or exculpated pursuant to Sections 9.2.1, 9.2.2, 9.2.3, 9.2.4, and 9.2.5 are permanently enjoined, on and after the Effective Date, from taking or causing any other Person to take, any of the following actions, at any time or at any place in the world, on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities: (i) commencing or continuing in any manner any action or other proceeding of any kind against a Released Party or Exculpated Party with respect to any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities; (iii) creating, perfecting, or enforcing any Lien or encumbrance against any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation due to any Released Party or any Exculpated Party or any of its or their assets on account of any such claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities; and (v) commencing or continuing any action, in any manner, in any place in the world that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Such injunction shall extend to any successor of any Released Party or any Exculpated Party or any of its or their assets. Any Person entitled to a Distribution pursuant to the Plan that is found by the Bankruptcy Court to have willfully violated the injunction set forth in this Section 9.2.6 shall be deemed to have forfeited all rights to such Distribution or any other benefits under the Plan, and shall have no claim whatsoever with respect thereto against the New Holding Companies, the Debtors, their Estates, the Reorganized Debtors, their property, or any Holder of an Allowed Claim or Interest that has received any Distributions under the Plan. Any Person injured by any willful violation of the injunction set forth in this Section 9.2.6 shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator**.

9.3. No Successor Liability. Except as otherwise expressly provided herein, none of the Released Parties, the New Holding Companies, or the Reorganized Debtors shall be determined to be successors to any of the Debtors with respect to any obligations for which the Debtors may be held legally responsible, by reason of any theory of law or equity, and none can be responsible for any successor or transferee liability of any kind or character. The Released Parties, the New Holding Companies, and the Reorganized Debtors do not agree to perform, pay, or indemnify creditors or otherwise have any responsibilities for any liabilities or obligations of the Debtors, whether arising before, on, or after the Confirmation Date, except as otherwise expressly provided in the Plan.

9.4. Release of Liens and Indemnity. Except as otherwise expressly provided in the Plan, the Confirmation Order will release any and all prepetition Liens against the Debtors, the Reorganized Debtors, and any of their Assets.

9.5. Term of Injunctions. **All injunctions or stays provided in, or in connection with, the Chapter 11 Cases, whether pursuant to section 105, section 362, or any other provision of the Bankruptcy Code, other applicable law or court order, in effect immediately prior to Confirmation will remain in full force and effect until the Effective Date and shall remain in full force and effect thereafter if so provided in the Plan, the Confirmation Order or by their own terms. In addition, the Confirmation Order shall incorporate various release, injunction, discharge and exculpation provisions of the Plan which shall be in effect after the Effective Date and, on and after the Confirmation Date, the Debtors may seek further orders to preserve the status quo during the time between the Confirmation Date and the Effective Date or to enforce the provisions of the Plan**.

9.6. Binding Effect. The Plan shall be binding upon, and inure to the benefit of, the Debtors, the Reorganized Debtors, Holders of Claims and Interests, parties in interest, Persons, and Governmental Units and their respective successors and assigns, whether or not the Claims or Interests of any such Holder are Impaired under the Plan and whether or not such Holders have accepted the Plan or are entitled to receive any Distribution thereunder.

9.7. Dissolution of the Committee. The Committee shall be dissolved on the later of (i) Effective Date, and (ii) the date on which any actions that the Committee has standing to prosecute are abandoned, withdrawn, or resolved by Final Order. The Committee shall not continue to exist thereafter except for the limited purposes of filing any remaining fee applications, and the Professionals retained by the Committee shall be entitled to compensation for services performed and reimbursement of expenses incurred in connection therewith. Upon dissolution of the Committee, the members of the Committee shall be released and discharged from all duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases.

9.8. Post-Effective Date Retention of Professionals. After the Effective Date, any requirement that professionals employed by the Debtors comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors shall be free to employ and compensate professionals in the ordinary course of business and without the need for Bankruptcy Court approval.

9.9. Survival of Certain Indemnification Obligations. The obligations of the Debtors, pursuant to the Debtors' operating agreements, certificates of incorporation or formation, articles of association, by-laws, or equivalent corporate governance documents, applicable statutes, or employment agreements, to indemnify individuals who during the course of the Chapter 11 Cases served as their respective directors, officers, managers, agents, employees, representatives, and professionals, in respect of all present and future actions, suits, and proceedings against any of such officers, directors, managers, agents, employees, representatives, and professionals, based upon any act or omission related to service with, for, or on behalf of the Debtors on or before the Effective Date, as such obligations were in effect at the time of any such act or omission, shall not be discharged or impaired by confirmation or consummation of the Plan but shall survive unaffected by the reorganization contemplated by the Plan and shall be performed and honored by the Reorganized Debtors regardless of such confirmation, consummation, and reorganization.

9.10. Termination of Committee Challenge Right. If SCB votes to accept the Plan and the Confirmation Order is entered confirming the Plan with the treatment set forth in Section 4.2.2, so long as neither the SCB Settlement nor the SCB Term Sheet has been terminated or otherwise modified without the Committee's consent, the Committee Challenge Right shall terminate and the Committee shall not have any right to challenge SCB's right to any SCB Adequate Protection Claim that is accrued prior to the Effective Date.

X.
EFFECTIVENESS OF THE PLAN

10.1. Conditions Precedent. The Plan shall not become effective unless and until the following conditions have been satisfied or waived:

10.1.1. Conditions to Confirmation.

10.1.1.1. *Disclosure Statement Approval Order*. The Disclosure Statement Approval Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable in all material respects to the Debtors.

10.1.1.2. *Plan Supplement*. All documents to be provided in the Plan Supplement are in form and substance reasonably acceptable in all material respects to the Debtors, and have been filed with the Bankruptcy Court.

10.1.1.3. *Confirmation Order*. The Confirmation Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable in all material respects to the Debtors, and must provide for the confirmation of the Plan with respect to each Debtor.

10.1.1.4. *Approval of Settlements*. The Bankruptcy Court shall have entered an order, which order may be the Confirmation Order, approving the settlements implemented by the Plan, including, without limitation, the Senior Management Global Settlement, the HQ Settlement, and the settlements embodied in the Cooperation Settlement Term Sheet.

10.1.2. Conditions to Effective Date.

10.1.2.1. *Confirmation Order*. The Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable in all material respects to the Debtors.

10.1.2.2. *No Stay of Confirmation*. There shall not be in force any order, decree, or ruling of any court or governmental body having jurisdiction, restraining, enjoining, or staying the consummation of, or rendering illegal the transactions contemplated by, the Plan.

10.1.2.3. *Receipt of Required Authorization*. All authorizations, consents, and regulatory approvals (if any) necessary to effectuate the Plan shall have been obtained.

10.1.2.4. *Cayman Order*. The Cayman Court shall have entered the Cayman Order in form and substance reasonably acceptable in all material respects to the Debtors.

10.1.2.5. *Exit Facility*. The documents evidencing the Exit Facility shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

10.1.2.6. *New SCB Facility*. The documents evidencing the New SCB Facility shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

10.1.2.7. *Sukuk Facility*. The documents evidencing the Sukuk Facility shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

10.1.2.8. *Implementation Transactions*. The transactions described in the Implementation Memorandum that are required to be completed on or before the Effective Date have been completed in a manner reasonably acceptable in all material respects to the Debtors.

10.1.2.9. *Cooperation Settlement Term Sheet*. The definitive documents implementing the Cooperation Settlement Term Sheet, including, without limitation, the Management Services Agreement, shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such documents shall have been satisfied or waived.

10.1.2.10. *HQ Settlement Agreement*. The HQ Settlement Agreement shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of such HQ Settlement Agreement shall have been satisfied or waived.

10.1.3. Waiver. Any of the conditions set forth in Sections 10.1.1 and 10.1.2 hereof, other than those contained in Sections 10.1.1.1 10.1.2.1, and 10.1.2.4 may be waived by the Debtors with the consent of the Committee.

10.2. Effect of Failure of Conditions. In the event that the conditions specified in Section 10.1 have not been satisfied or waived in accordance with Section 10.1.3 hereof on or before 120 days after the Confirmation Date, then the Debtors may seek an order from the Bankruptcy Court vacating the Confirmation Order. Such request shall be served upon counsel for SCB, the JPLs, the Committee, the U.S. Trustee, and all parties listed on the Master Service List established in the Chapter 11 Cases. If the Confirmation Order is vacated, (i) the Plan shall be null and void in all respects; (ii) any settlement of Claims or Interests provided for hereby shall be null and void without further order of the Bankruptcy Court; and (iii) the time within which the Debtors may assume and assign or reject all Executory Contracts and Unexpired Leases shall be extended for a period of 60 days after the date the Confirmation Order is vacated.

XI.
RETENTION OF JURISDICTION

11.1. Bankruptcy Court. Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan (other than interpretation or enforcement of the Cayman Order) to the fullest extent permitted by law, including, among other things, jurisdiction to:

11.1.1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority or Secured or unsecured status of any Claim or Interest, including, without limitation, the resolution of any request for payment of any Administrative Expense Claim or Priority Tax Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

11.1.2. hear and rule upon all Causes of Action retained by the Debtors and commenced and/or pursued by the Debtors or the Reorganized Debtors;

11.1.3. resolve any matters related to: (i) the rejection, assumption, or assumption and assignment of any Executory Contract or Unexpired Lease to which any Debtor is a party or with respect to which the Debtors may be otherwise liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including, without limitation, any Cure Claim, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed by any of the Debtors, and (iii) any dispute regarding whether a contract is or was executory or a lease is or was expired;

11.1.4. ensure that Distributions on account of Allowed Claims are accomplished pursuant to the provisions of the Plan;

11.1.5. decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications that may be pending on the Effective Date;

11.1.6. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

11.1.7. enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;

11.1.8. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

11.1.9. resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any contract, instrument, release, or other agreement or document that is executed or created pursuant to the Plan, or any Person's rights arising from or obligations incurred in connection with the Plan or such documents;

11.1.10. approve any modification of the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or approve any modification of the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

11.1.11. hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 330, 331, 363, 503(b), 1103, and 1129(a)(9) of the Bankruptcy Code, which shall be payable by the Debtors, or the Reorganized Debtors, as applicable, only upon allowance thereof pursuant to the order of the Bankruptcy Court; *provided*, *however*, that the fees and expenses of the Debtors incurred after the Effective Date, including attorneys' fees, may be paid by the Reorganized Debtors in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

11.1.12. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation, or enforcement of the Plan or the Confirmation Order;

11.1.13. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

11.1.14. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated, or if Distributions pursuant to the Plan are enjoined or stayed;

11.1.15. determine any other matters that may arise in connection with or related to the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or

any contract, instrument, release, or other agreement, or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;

11.1.16. enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

11.1.17. hear and determine all matters related to (i) the property of the Debtors and the Estates from and after the Confirmation Date, including, without limitation, any dispute as to (a) whether property (including any insurance policies and/or the proceeds thereof) is property of the Estates or (b) turnover of property of the Estates, in accordance with sections 541, 542, and 543 of the Bankruptcy Code, and (ii) the activities of the Debtors or the Reorganized Debtors;

11.1.18. enter an order or final decree concluding or closing the Chapter 11 Cases; and

11.1.19. hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code.

XII.
MISCELLANEOUS PROVISIONS

12.1. Plan Supplement. No later than 10 days prior to the Confirmation Hearing, the Debtors shall File with the Bankruptcy Court the Plan Supplement, which shall contain such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement upon written request to the Balloting and Claims Agent.

12.2. Exemption from Registration Requirements. Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and Distribution of any securities contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any state or local law requiring registration prior to the offering, issuance, distribution, or sale of securities. In addition, any securities contemplated by the Plan will be tradable by the recipients thereof, subject to (i) the provisions of section 1145(b)(1) of the Bankruptcy Code, and (ii) the contractual restrictions, if any, on the transferability of such securities and instruments.

12.3. Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code, shall be paid (i) by the Debtors on or before the Effective Date, and (ii) by the Reorganized Debtors after the Effective Date.

12.4. Third Party Agreements. The Distributions to the various Classes of Claims and Interests hereunder shall not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such Distributions by reason of any claimed subordination rights or otherwise. All of such rights and any agreements relating thereto shall remain in full force and effect, except as compromised and settled pursuant to the Plan. Distributions shall be subject to and modified by any Final Order directing distributions other than as provided in the Plan.

12.5. Amendment or Modification of Plan. As provided in section 1127 of the Bankruptcy Code, modification of the Plan may be proposed in writing by the Debtors at any time before Confirmation, *provided*, that the Plan, as modified, shall meet the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Debtors may modify the Plan at any time after Confirmation and before consummation of the Plan, *provided*, that the Plan, as modified, shall meet the requirements of sections 1122 and 1123 of the Bankruptcy Code, the Debtors shall have complied with section 1125 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified. Except as specifically provided herein, a Holder of a Claim that has accepted the Plan prior to modification shall be deemed to have accepted such Plan as modified, *provided* that the Plan, as modified, does not materially and adversely change the treatment of the Claim or Interest of such Holder.

12.6. Severability. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void, or unenforceable, the Debtors may, at their option, (i) treat such provision as invalid, void, or unenforceable with respect to the Holder or Holders of such Claims or Interests that the provision is determined to be invalid, void, or unenforceable, in which case such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan, or (ii) amend or modify, in accordance with Section 12.5 above, or revoke or withdraw the Plan, in accordance with Section 12.7 below.

12.7. Revocation or Withdrawal of Plan. The Debtors reserve the right, in their sole discretion, to revoke and withdraw the Plan or to adjourn the Confirmation Hearing at any time prior to the occurrence of the Effective Date. If the Debtors revoke or withdraw the Plan, or if Confirmation or consummation does not occur, then (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (iii) nothing contained in the Plan shall (a) constitute a waiver or release of any Claims by or against, or Interests in, such Debtors or any claims against any other Person, (b) prejudice in any manner the rights of such Debtors or any other Person, or (c) constitute an admission of any sort by the Debtors or any other Person.

For the avoidance of doubt, if the Confirmation Hearing is adjourned, the Debtors reserve the right to amend, modify, revoke or withdraw the Plan and/or submit any new plan of reorganization at such times and in such manner as they consider appropriate, subject to the provisions of the Bankruptcy Code.

12.8. Rules Governing Conflicts Between Documents. To the extent any provision of the Disclosure Statement or any other solicitation document may be inconsistent with the terms of the Plan, the terms of the Plan shall be binding and conclusive. In the event of a conflict between the terms or provisions of the Plan and any Plan Documents other than the Plan, the terms of the Plan shall control over such Plan Documents. In the event of a conflict between the terms of the Plan or the Plan Documents, on the one hand, and the terms of the Confirmation Order, on the other hand, the terms of the Confirmation Order shall control.

12.9. Governing Law. Except to the extent that federal law (including, but not limited to, the Bankruptcy Code and the Bankruptcy Rules) is applicable or the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to its conflicts of law principles.

12.10. Notices. Any notice required or permitted to be provided under the Plan shall be in writing and served by either (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) overnight delivery service, charges prepaid. If to the Debtors, any such notice shall be directed to the following at the addresses set forth below:

Arcapita Bank B.S.C.(c)
Arcapita Bank Building
Bahrain Bay, P.O. Box 1406
Manama, Kingdom of Bahrain
Attention: Henry A. Thompson

-- with copies to –

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166-0193
Attention: Michael A. Rosenthal, Esq.
Craig H. Millet, Esq.
Matthew K. Kelsey, Esq.

12.11. No Admissions. As to contested matters, adversary proceedings, and other causes of action or threatened causes of action, nothing in the Plan, the Plan Supplement, the Disclosure Statement, or other Plan Documents shall constitute or be construed as an admission of any fact or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations. The Plan shall not be construed to be conclusive advice on the tax, securities, and other legal effects of the Plan as to Holders of Claims against, or Interests in, the Debtors or any of their subsidiaries and Affiliates.

12.12. Exhibits. All Exhibits and Schedules to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

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The undersigned have executed this Joint Plan of Reorganization as of the 25th day of April, 2013.

Respectfully submitted,

ARCAPITA BANK B.S.C.(c)

By: /s/ Atif Abdulmalik
Name: Atif Abdulmalik
Title: Chief Executive Officer

ARCAPITA INVESTMENT HOLDINGS LIMITED
ARCAPITA LT HOLDINGS LIMITED
WINDTURBINE HOLDINGS LIMITED
AEID II HOLDINGS LIMITED
RAILINVEST HOLDINGS LIMITED

By: /s/ Mohammed Chowdhury
Name: Mohammed Chowdhury
Title: Director

FALCON GAS STORAGE COMPANY, INC.

By: /s/ Kevin Keough
Name: Kevin Keough
Title: Director

AS DEBTORS AND DEBTORS IN POSSESSION

OF COUNSEL:

/s/ Michael A. Rosenthal
GIBSON, DUNN & CRUTCHER LLP
Michael A. Rosenthal
Craig H. Millet (admitted *pro hac vice*)
Matthew K. Kelsey

200 Park Avenue
New York, NY 10166-0193
Telephone: 212.351.4000
Facsimile: 212.351.4035

ATTORNEYS FOR DEBTORS
AND DEBTORS IN POSSESSION

APPENDIX A

to

Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors Under Chapter 11 of the Bankruptcy Code, dated April 25, 2013

proposed by

ARCAPITA BANK B.S.C.(c); ARCAPITA INVESTMENT HOLDINGS LIMITED; ARCAPITA LT HOLDINGS LIMITED; WINDTURBINE HOLDINGS LIMITED; AEID II HOLDINGS LIMITED; RAILINVEST HOLDINGS LIMITED; AND FALCON GAS STORAGE COMPANY, INC.

Uniform Glossary of Defined Terms for Plan Documents

Unless the context otherwise requires, the following terms, when used in initially capitalized form in the Plan, the Disclosure Statement, related exhibits, and Plan Documents, shall have the following meanings. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in capitalized form that is not defined herein but that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning ascribed to such term by the Bankruptcy Code or the Bankruptcy Rules (with the Bankruptcy Code controlling in the event of a conflict or ambiguity). Certain defined terms used in only one Section of the Disclosure Statement are defined in such Section. The rules of construction set forth herein and in section 102 of the Bankruptcy Code shall apply. All references to the "***Plan***" shall be construed, where applicable, to include references to the Plan and all its exhibits, appendices, schedules, and annexes (and any amendments made in accordance with their terms or applicable law).

1. ***Ad Hoc Group*** means that certain ad hoc group of Holders of Syndicated Facility Claims represented by Kirkland & Ellis LLP.

2. ***Ad Hoc Group Fees*** means the reasonable and documented fees and expenses, including, without limitation, professional fees and expenses, of the Ad Hoc Group incurred on or after the Petition Date.

3. ***Administrative Expense*** means any cost or expense of administration of the Chapter 11 Cases incurred before the Effective Date and allowable under section 503(b) of the Bankruptcy Code and entitled to priority under section 507(a)(2) of the Bankruptcy Code, including: (i) any actual and necessary postpetition cost or expense of preserving the Estates or operating the businesses of the Debtors; (ii) any payment required to cure a default on an assumed Executory Contract or Unexpired Lease; (iii) any postpetition cost, indebtedness, or contractual obligation duly and validly incurred or assumed by a Debtor in the ordinary course of its business; (iv) compensation or reimbursement of expenses of Professionals to the extent allowed by the Bankruptcy Court under sections 330(a) or 331 of the Bankruptcy Code; (v) Claims entitled to administrative expense status under any order with respect to the use of Cash Collateral entered in the Chapter 11 Cases; and (vi) any expense reimbursement or other fees or costs owed under a Commitment Letter and approved as an administrative expense by the Bankruptcy Court.

4. ***Administrative Expense Claim*** means any Claim for the payment of an Administrative Expense other than a DIP Facility Claim.

5. ***Administrative Expense Claims Bar Date*** means 4:00 p.m. (Prevailing U.S. Eastern time) on the date that is 30 days after the Effective Date.

6. ***Affiliate*** has the meaning set forth in section 101(2) of the Bankruptcy Code.

7. ***AHQ Cayman I Investors*** means the third-party investors in AHQ Cayman Holding Company I Limited.

8. ***AIHL*** means Arcapita Investment Holdings Limited.

9. ***AIHL Sukuk Obligations*** means 85% of the Sukuk Obligations.

10. ***AIHL Syndicated Facility/Arcsukuk Class A Shares*** means a percentage of the New Arcapita AIHL Class A Shares equal to the quotient obtained by dividing (i) the aggregate Allowed Class 4(b) Syndicated Facility Claims and Allowed Class 4(b) Arcsukuk Claims by (ii) the aggregate Allowed Class 4(b) Syndicated Facility Claims, Allowed Class 4(b) Arcsukuk Claims, and Allowed Class 5(b) General Unsecured Claims.

11. ***AIHL Syndicated Facility/Arcsukuk Consideration*** means the AIHL Syndicated Facility/Arcsukuk Sukuk Obligations, the AIHL Syndicated Facility/Arcsukuk Class A Shares, the AIHL Syndicated Facility/Arcsukuk Ordinary Shares, and the AIHL Syndicated Facility/Arcsukuk Warrants.

12. ***AIHL Syndicated Facility/Arcsukuk Ordinary Shares*** means a percentage of the New Arcapita AIHL Ordinary Shares equal to the quotient obtained by dividing (i) the aggregate Allowed Class 4(b) Syndicated Facility Claims and Allowed Class 4(b) Arcsukuk Claims by (ii) the aggregate Allowed Class 4(b) Syndicated Facility Claims, Allowed Class 4(b) Arcsukuk Claims, and Allowed Class 5(b) General Unsecured Claims.

13. ***AIHL Syndicated Facility/Arcsukuk Sukuk Obligations*** means a percentage of the AIHL Sukuk Obligations equal to the quotient obtained by dividing (i) the aggregate Allowed Class 4(b) Syndicated Facility Claims and Allowed Class 4(b) Arcsukuk Claims by (ii) the aggregate Allowed Class 4(b) Syndicated Facility Claims, Allowed Class 4(b) Arcsukuk Claims, and Allowed Class 5(b) General Unsecured Claims.

14. ***AIHL Syndicated Facility/Arcsukuk Warrants*** means a percentage of the New Arcapita Creditor Warrants equal to the quotient obtained by dividing (i) the aggregate Allowed Class 4(b) Syndicated Facility Claims and Allowed Class 4(b) Arcsukuk Claims by (ii) the aggregate Allowed Class 4(b) Syndicated Facility Claims, Allowed Class 4(b) Arcsukuk Claims, and Allowed Class 5(b) General Unsecured Claims.

15. ***AIM*** means AIM Group Limited.

16. ***Allowed*** means with respect to any Claim or Interest: (i) a Claim or Interest that is scheduled by the Debtors on their Schedules as neither disputed, contingent, nor unliquidated, (ii) a Claim or Interest as to which a Proof of Claim or a proof of Interest, as the case may be, has been timely Filed or, by a Final Order, is not required to be Filed, or (iii) a Claim or Interest that has been allowed by the Plan or by a Final Order; and with respect to Claims or Interests in (i) and (ii) above, such Claim or Interest is not Disputed.

17. ***Allowed Amount*** of any Claim or Interest means the amount at which that Claim or Interest is Allowed.

18. ***Arcapita Bank*** means Arcapita Bank B.S.C.(c), a Bahrain closed corporation.

19. ***Arcapita Group*** means the Debtors and their Affiliates.

20. ***Arcsukuk Claim*** means any Claim arising under the Arcsukuk Facility, including, without limitation, all interest, fees, and expenses that were accrued but unpaid as of the Petition Date, and other obligations owed pursuant to the Arcsukuk Facility.

21. ***Arcsukuk Facility*** means that certain Murabaha and Wakala Agreement dated as of September 7, 2011 by and between Arcapita Bank, Arcsukuk (2011-1) Limited as Issuer and Trustee, Arcapita Investment Funding Limited as Wakeel, and BNY Mellon Corporate Trustee Services Limited as Delegate (as amended, restated, supplemented, and/or otherwise modified) together with all mortgages, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith.

22. ***Assets*** means all property wherever located in which any of the Debtors holds a legal or equitable interest, including all property described in section 541 of the Bankruptcy Code and all property disclosed in the Debtors' respective Schedules and the Disclosure Statement.

23. ***Assumed Executory Contract and Unexpired Lease List*** means the list (as may be amended from time to time), as determined jointly by the Committee and the Debtors or the Reorganized Debtors, of Executory Contracts and Unexpired Leases (including any amendments or modifications thereto) that will be assumed by the Reorganized Debtors pursuant to Article VI of the Plan, it being understood that to the extent the Plan, the Disclosure Statement, or any of the exhibits filed with the Disclosure Statement provides that a given Executory Contract or Unexpired Lease will be assumed or rejected, then such Executory Contract or Unexpired Lease will be included in, or excluded from, the Assumed Executory Contract and Unexpired Lease List, as necessary to give effect to such provision.

24. ***Avoidance Actions*** means any and all actual or potential claims to avoid a transfer of property or an obligation incurred by any of the Debtors pursuant to any applicable section of the Bankruptcy Code, including, without limitation, sections 544, 545, 547, 548, 549, 550, 551, 553(b), and 724(a) of the Bankruptcy Code.

25. ***Ballot*** means each of the ballot forms for voting to accept or reject the Plan distributed to all Holders of Impaired Claims entitled to vote on the Plan.

26. ***Balloting and Claims Agent*** means GCG, Inc., retained by the Debtors in the Chapter 11 Cases.

27. ***Ballot Instructions*** means the instructions for completion of a Ballot; the Ballot Instructions applicable to a Ballot shall be distributed to a Holder concurrently with the Ballot.

28. ***Bank Sukuk Obligations*** means 15% of the Sukuk Obligations.

29. ***Bank Syndicated Facility/Arcsukuk Class A Shares*** means a percentage of the New Arcapita Bank Class A Shares equal to the quotient obtained by dividing (i) the aggregate Allowed Class 4(a) Syndicated Facility Claims and Allowed Class 4(a) Arcsukuk

Claims by (ii) the aggregate Allowed Class 4(a) Syndicated Facility Claims, Allowed Class 4(a) Arcsukuk Claims, and Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims that have made the Convenience Class Election).

30. ***Bank Syndicated Facility/Arcsukuk Consideration*** means the Bank Syndicated Facility/Arcsukuk Sukuk Obligations and the Bank Syndicated Facility/Arcsukuk Class A Shares.

31. ***Bank Syndicated Facility/Arcsukuk Sukuk Obligations*** means a percentage of the Bank Sukuk Obligations equal to the quotient obtained by dividing (i) the aggregate Allowed class 4(a) Syndicated Facility Claims and Class 4(a) Arcsukuk Claims by (ii) the aggregate Allowed Class 4(a) Syndicated Facility Claims, Allowed Class 4(a) Arcsukuk Claims, and Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims that have made the Convenience Class Election).

32. ***Bankruptcy Code*** means title 11 of the United States Code, 11 U.S.C. sections 101-1532, as in effect on the Petition Date, together with all amendments and modifications thereto subsequently made, to the extent applicable to the Chapter 11 Cases.

33. ***Bankruptcy Court*** means the United States Bankruptcy Court for the Southern District of New York or any other court having jurisdiction over the Chapter 11 Cases.

34. ***Bankruptcy Rules*** means the Federal Rules of Bankruptcy Procedure and the local rules and general orders of the Bankruptcy Court, as in effect on the Petition Date, together with all amendments and modifications thereto subsequently made applicable to the Chapter 11 Cases.

35. ***Business Day*** means any day other than a Saturday, Sunday, or a federal holiday observed in the United States of America.

36. ***Cash*** means the legal tender of the United States of America, or the Euro, as applicable.

37. ***Cash Collateral*** has the meaning set forth in section 363(a) of the Bankruptcy Code.

38. ***Causes of Action*** means all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims, or any other claims whatsoever, in each case held by the Debtors, whether known or unknown, matured or unmatured, fixed or contingent, liquidated or unliquidated, disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.

39. ***Cayman Court*** means the Grand Court of the Cayman Islands.

40. ***Cayman Order*** means an order of the Cayman Court providing assistance to the Bankruptcy Court in giving effect to the Plan in the Cayman Islands, validating the transfers of AIHL's assets pursuant to the Plan, and authorizing the distribution of the proceeds payable to AIHL on account of such transfer to the creditors of AIHL, whether: (i) pursuant to Section 86 of the Companies Law (2012 Revision), sanctioning a Scheme of Arrangement between AIHL, its creditors and members (as applicable) that is materially consistent with the Plan; (ii) recognizing and enforcing or giving effect to the Confirmation Order or such parts of the Confirmation Order that are amenable to recognition; (iii) pursuant to Section 99 of the Companies Law (2012 Revision), validating all transfers of AIHL's assets to New Arcapita Holdco 2 pursuant to Section 7.7 of the Plan, the Confirmation Order, and the Implementation Memorandum; (iv) pursuant to Order 18 Rule 5 of the Companies Winding Up Rules 2008 (as amended), authorizing the in specie distribution of the proceeds payable to AIHL on account of such transfer to the creditors of AIHL; and/or (v) otherwise in accordance with the laws of the Cayman Islands.

41. ***Certificate*** means any instrument evidencing a Claim or an Interest.

42. ***Chapter 11 Cases*** means (i) when used with reference to a particular Debtor, the chapter 11 case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, and (ii) when used with reference to all Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court.

43. ***Claim*** has the meaning set forth in section 101(5) of the Bankruptcy Code, against any Debtor or any Estate whether or not asserted.

44. ***Claimant*** means the Holder of a Claim or Interest.

45. ***Claims Objection Bar Date*** means, with respect to any Claim, the 180th day following the latest of the Effective Date, the date such Claim is Filed, and such later date as may be established from time to time by the Bankruptcy Court as the last date for filing objections to such Claim.

46. ***Class*** means a category of Claims or Interests, as set forth in Article III of the Plan, pursuant to section 1122 of the Bankruptcy Code.

47. ***Class 5(a) Consideration*** means (i) a percentage of the Bank Sukuk Obligations equal to the quotient obtained by dividing (a) the aggregate Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims that have made the Convenience Class Election) by (b) the aggregate Allowed Class 4(a) Syndicated Facility Claims, Allowed Class 4(a) Arcsukuk Claims, and Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims that have made the Convenience Class Election), (ii) a percentage of the New Arcapita Bank Class A Shares equal to the quotient obtained by dividing (a) the aggregate Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims that have made the Convenience Class Election) by (b) the aggregate Allowed Class 4(a) Syndicated Facility Claims, Allowed Class 4(a) Arcsukuk Claims, and Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims

that have made the Convenience Class Election), and (iii) a percentage of the New Arcapita Bank Ordinary Shares equal to the quotient obtained by dividing (a) the aggregate Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims that have made the Convenience Class Election) by (b) the aggregate Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims that have made the Convenience Class Election) and Contingent Class 4(a) Claims.

48. ***Class 5(b) Consideration*** means (i) a percentage of the AIHL Sukuk Obligations equal to the quotient obtained by dividing (a) the aggregate Allowed Class 5(b) General Unsecured Claims by (b) the aggregate Allowed Class 4(b) Syndicated Facility Claims, Allowed Class 4(b) Arcsukuk Claims, and Allowed Class 5(b) General Unsecured Claims, (ii) a percentage of the New Arcapita AIHL Class A Shares equal to the quotient obtained by dividing (a) the aggregate Allowed Class 5(b) General Unsecured Claims by (b) the aggregate Allowed Class 4(b) Syndicated Facility Claims, Allowed Class 4(b) Arcsukuk Claims, and Allowed Class 5(b) General Unsecured Claims, (iii) a percentage of the New Arcapita AIHL Ordinary Shares equal to the quotient obtained by dividing (a) the aggregate Allowed Class 5(b) General Unsecured Claims by (b) the aggregate Allowed Class 4(b) Syndicated Facility Claims, Allowed Class 4(b) Arcsukuk Claims, and Allowed Class 5(b) General Unsecured Claims, and (iv) a percentage of the New Arcapita Creditor Warrants equal to the quotient obtained by dividing (a) the aggregate Allowed Class 5(b) General Unsecured Claims by (b) the aggregate Allowed Class 4(b) Syndicated Facility Claims, Allowed Class 4(b) Arcsukuk Claims, and Allowed Class 5(b) General Unsecured Claims.

49. ***Collateral*** means any property or interest in property of an Estate that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable law.

50. ***Commitment Letter*** means that certain Commitment Letter for Arcapita, dated November 1, 2012, executed by Fortress Credit Corp. and AIHL, which sets out the terms and conditions of the DIP Facility.

51. ***Committee*** means the official committee of unsecured creditors for the Debtors appointed in the Chapter 11 Cases by the U.S. Trustee.

52. ***Committee Challenge Right*** means the right of the Committee to challenge any SCB Adequate Protection Claim in accordance with the terms and conditions of the SCB Settlement.

53. ***Confirmation, Confirmation of the Plan***, or ***Plan Confirmation*** means the confirmation of the Plan by the Bankruptcy Court.

54. ***Confirmation Date*** means the date on which the Confirmation Order is entered on the docket of the Bankruptcy Court.

55. ***Confirmation Hearing*** means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider Confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

56. ***Confirmation Order*** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 and other applicable sections of the Bankruptcy Code.

57. ***Contingent Class 4(a) Claims*** means an amount equal to the difference obtained by subtracting (i) the Aggregate Allowed Class 4(b) Claims, from (ii) $1,202,357,331.

58. ***Contingent Class 4(a) Consideration*** means a percentage of the New Arcapita Bank Ordinary Shares equal to the quotient obtained by dividing (i) the aggregate Contingent Class 4(a) Claims, by (ii) the aggregate Allowed Class 5(a) General Unsecured Claims (excluding any such Allowed Class 5(a) General Unsecured Claims that have made the Convenience Class Election) and Contingent Class 4(a) Claims.

59. ***Convenience Claim*** means, with respect to all Allowed General Unsecured Claims of a creditor in Class 5(a) that timely makes the Convenience Class Election on its Ballot, the lesser of (i) $25,000 or (ii) the aggregate Allowed Amount of its General Unsecured Claims in Class 5(a).

60. ***Convenience Class Election*** means an election by a Holder of a General Unsecured Claim(s) in Class 5(a) on its Ballot, and within the time fixed by the Bankruptcy Court, to have the aggregate amount of such Holder's Allowed Claim(s) in Class 5(a) treated as Convenience Claims.

61. ***Cooperation Settlement Term Sheet*** means that certain term sheet, annexed as **Exhibit L** to the Disclosure Statement, which, among other things, effectuates a settlement among the parties thereto with respect to cooperation regarding the disposition of the Debtors' investments, and the agreement of the Debtors and AIM with respect to the Management Services Agreement. The definitive documents implementing the Cooperation Settlement Term Sheet shall be materially consistent with the Cooperation Settlement Term Sheet and shall be substantially in the form filed in the Plan Supplement.

62. ***Corporate Structure and Governance Documents*** means the documents evidencing the corporate structure and governance applicable to the New Holding Companies and the Reorganized Debtors, including the New Governing Documents, and any other agreements set forth in the Equity Term Sheet, which definitive documents will be substantially in the form filed in the Plan Supplement.

63. ***Creditor*** means any Person holding a Claim against a Debtor's Estate or pursuant to section 101(5) of the Bankruptcy Code against property of the Debtor that arose or is deemed to have arisen on or prior to the Petition Date.

64. ***Creditor Release*** means that certain form of release, attached to the Disclosure Statement as **Exhibit I** that constitutes the applicable Claimant's acknowledgment and agreement that, except as provided in the Plan, all Claims, demands, liabilities, other debts against, or Interests in, the Debtors have been released, discharged and enjoined in accordance with Article IX of the Plan.

65. ***Cure Claim*** means a Claim based upon the applicable Debtor's monetary default(s) under an Executory Contract or Unexpired Lease existing as of the time such contract or lease is assumed by the Debtors pursuant to section 365 of the Bankruptcy Code.

66. ***Debtor*** means any of the Debtors.

67. ***Debtors*** means Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, Windturbine Holdings Limited, AEID II Holdings Limited, Railinvest Holdings Limited, and Falcon Gas Storage Company, Inc.

68. ***DIP Agent*** means the investment agent for the DIP Facility Participants under the DIP Facility.

69. ***DIP Facility*** means that certain Superpriority Debtor-in-Possession Master Murabaha Agreement, dated as of December 14, 2012, by and between AIHL and CF ARC LLC, as Investment Agent (as amended, restated, supplemented, and/or otherwise modified) together with all mortgages, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith.

70. ***DIP Facility Claim*** means any Claim arising under the DIP Facility, including, without limitation, all accrued and unpaid interest, fees, and expenses, and all other obligations owed under the DIP Facility.

71. ***DIP Facility Participants*** means CF ARC LLC and any other parties from time to time as Participants (as defined in the DIP Facility) under the DIP Facility.

72. ***Disallowed*** means (i) any Claim or Interest that has been withdrawn by the applicable Claimant, (ii) any Claim or Interest, or portion of a Claim or Interest, that has been disallowed by a Final Order, (iii) any portion of a Claim or Interest that exceeds the estimated amount of such Claim or Interest for purposes of Distribution, as set forth in a Final Order, or (iv) any Claim or Interest underlying any property that becomes Unclaimed Property in accordance with Section 8.8 of the Plan.

73. ***Disbursing Agent*** means, as the context requires, the Debtors, the Reorganized Debtors, or any other Person designated by the Debtors or the Reorganized Debtors to act as the Disbursing Agent under the Disbursing Agent Agreement, if any, or such other Person or Persons identified in the Plan Supplement as the disbursing agent for the Distributions required under the Plan.

74. ***Disbursing Agent Agreement*** means that certain agreement by and among [_____], the New Holding Companies, and the Debtors governing the rights and obligations of the parties to such agreement with respect to Distributions to Holders of Class 4(a)-(b) and Class 5(a)-(b) Claims under the Plan. The form of the Disbursing Agent Agreement will be filed with the Plan Supplement.

75. ***Disclosure Statement*** means that certain "Second Amended Disclosure Statement in Support of the Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors Under Chapter 11 of the Bankruptcy Code," dated April 25, 2013,

including all exhibits attached thereto or referenced therein, as submitted by the Debtors pursuant to section 1125 of the Bankruptcy Code and approved by the Bankruptcy Court in the Disclosure Statement Approval Order, as such Disclosure Statement may be further amended, supplemented, or modified from time to time with the approval of the Bankruptcy Court.

76. ***Disclosure Statement Approval Order*** means that certain order entered by the Bankruptcy Court on April 26, 2013 [Docket No. 1045], (i) approving the Disclosure Statement and (ii) establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan.

77. ***Disputed*** means, with respect to a Claim or Interest, a Claim or Interest as to which an objection to the allowance thereof, or action to subordinate or otherwise seek recovery from the Holder of the Claim or Interest, has been interposed by the Claims Objection Bar Date or within any other applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or a Final Order, and has not been Allowed in whole or in part by a Final Order.

78. ***Distribution*** means any distribution by the Disbursing Agent to the Holders of Allowed Claims or Interests pursuant to Article VIII of the Plan.

79. ***Distribution Date***, when used with respect to each Claim, means the date that shall take place as soon as practicable after the later of: (i) the Effective Date, (ii) the date a Claim becomes payable pursuant to the Plan or any agreement with the Disbursing Agent, or (iii) with respect to Claims that are not Allowed as of the Effective Date, no later than 30 days after the date upon which any such Claim becomes an Allowed Claim.

80. ***Distribution Procedures*** means the New Unsecured Claim Distribution Procedures, the New Facility Distribution Procedures, and the Warrant Distribution Conditions, as applicable.

81. ***Distribution Record Date*** means the record date for purposes of making Distributions under the Plan on account of Allowed Claims, which date shall be the Confirmation Date.

82. ***Effective Date*** means the date specified by the Debtors in a notice filed with the Bankruptcy Court as the date on which the Plan shall take effect, which date shall be after the later of (i) the date on which the Confirmation Order shall have been entered and is not subject to any stay, and (ii) the date on which the conditions to the Effective Date provided for in Section 10.1.2 of the Plan have been satisfied or waived.

83. ***Employee Program and Global Settlement Order*** means that certain *Order Pursuant To Sections 363(b) And 503(c) of the Bankruptcy Code and Bankruptcy Rule 9019 Authorizing Debtors To Implement Employee Programs and Global Settlement of Claims*, dated July 6, 2012 [Docket No. 303].

84. ***Equity Security*** means any equity security, as defined in section 101(16) of the Bankruptcy Code, in a Debtor.

85. ***Equity Term Sheet*** means that certain term sheet providing for the issuance of equity in, and the corporate governance of, the New Holding Companies and the Reorganized Debtors, which Equity Term Sheet (together with any schedules and attachments) is attached as **Exhibit D** to the Disclosure Statement. The provisions of the Equity Term Sheet, will be incorporated into the Corporate Structure and Governance Documents.

86. ***Estate*** means, as to each Debtor, the estate created for such Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

87. ***Exculpated Parties*** means (i) each of the Debtors and their Affiliates, (ii) the Committee and its members, solely in their capacities as members of the Committee, (iii) the JPLs, solely in their capacities as joint provisional liquidators, (iv) the respective current and former officers, directors, employees, managers (in their capacities as officers, directors, employees, or managers, as applicable) of the Debtors and the Debtors' Affiliates, (v) Professionals and other professionals and agents (in their capacities as Professionals or other professionals and agents, as applicable) for services rendered during the pendency of the Chapter 11 Cases to or for the Debtors, the Debtors' Affiliates, the Committee, the JPLs, or the Ad Hoc Group, along with the successors, and assigns of each of the foregoing, (vi) SCB, *provided*, *however*, that SCB shall be an Exculpated Party if and only if SCB votes to accept the Plan, (vii) the Central Bank of Bahrain (including, without limitation, in its capacity as Creditor and regulator), and (viii) the members of the Ad Hoc Group.

88. ***Executory Contract*** means a contract to which one or more of the Debtors is a party and that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

89. ***Existing Senior Management*** means Atif Abdulmalik, Martin Tan, Hisham Al Raee, Henry Thompson, Mohammed Chowdhury, Essa Zainal, and Peter Karacsonyi.

90. ***Exit Facility*** means a new Murabaha facility with a cost price of up to $350 million, to be entered into by certain Reorganized Debtors and/or New Holding Companies and certain of their Affiliates, the terms of which shall be substantially in accordance with the terms set forth on the Exit Facility Term Sheet. The Exit Facility will be substantially in the form filed in the Plan Supplement.

91. ***Exit Facility Agent*** means [_____].

92. ***Exit Facility Participants*** means [_____].

93. ***Exit Facility Obligations*** any Claim arising under the Exit Facility and owed to the Exit Facility Participants, including, without limitation, all accrued and unpaid interest, fees, and expenses, and other obligations owed to the Exit Facility Participants under the Exit Facility.

94. ***Exit Facility Obligors*** means the Reorganized Debtors and/or New Holding Companies and certain of their Affiliates that are party to the Exit Facility.

95. ***Exit Facility Term Sheet*** means that certain term sheet, attached as **Exhibit F** to the Disclosure Statement, that sets forth the terms of the Exit Facility.

96. ***Falcon*** means Falcon Gas Storage Company, Inc.

97. ***Falcon Available Cash*** means (i) all Cash of Falcon realized from its business operations (current or former), the sale or other disposition of its Assets, the interest or profit earned on its invested funds, return of any funds held in escrow, recoveries from litigation claims, or from any other source or otherwise less (ii) the amount of Cash (a) necessary to pay Holders of Allowed Administrative Expense Claims, Priority Tax Claims, Professional Compensation Claims, Other Priority Claims, and Secured Claims against Falcon in accordance with the Plan, and (b) estimated and reserved by Falcon to (1) adequately fund the reasonable and necessary projected costs to carry out the provisions of the Plan with respect to Falcon on and after the Effective Date, which amount shall include the funds necessary to defend all pending litigation against Falcon, (2) pay all fees payable under section 1930 of chapter 123 of title 28 of the United States Code, and (3) fund and maintain any postpetition reserve requirements in connection with any agreements or otherwise. Falcon Available Cash shall include the applicable portions of excess amounts retained for Disputed Claims that become available in accordance with Sections 8.8 and 8.13 of the Plan and any funds that are segregated in accordance with Section 8.3.4 of the Plan.

98. ***Federal Judgment Rate*** means the federal judgment interest rate which was in effect in the United States of America as of the Petition Date.

99. ***File*** or ***Filed*** means file, filed, or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

100. ***Final Order*** means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter, which has not been reversed, stayed, modified, or amended, and as to which the time to appeal, seek certiorari, or move for a new trial, reargument, or rehearing has expired and no appeal, petition for certiorari, or motion for a new trial, reargument, or rehearing has been timely filed, or as to which any appeal that has been taken, any petition for certiorari, or motion for a new trial, reargument, or rehearing that has been or may be Filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought; *provided*, *however*, that the possibility that a motion pursuant to section 502(j) or 1144 of the Bankruptcy Code or under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order shall not cause such order to not be a "Final Order."

101. ***Forfeiture Date*** means the date that is the later of (i) the one-year anniversary of the Effective Date, or (ii) the one-year anniversary of the date on which such Distribution is made available to the applicable Claimant by the Disbursing Agent.

102. ***Fountains Guarantee*** means the Replacement Arcapita Guaranty, as defined in that certain Second Amendment to Second Amended and Restated Loan Agreement and Omnibus Amendment and Reaffirmation of Loan Documents, by and between HSH

Nordbank AG, Cayman Islands Branch, as Lender; HSH Nordbank AG, New York Branch, as Lead Arranger, Administrative Agent, and Collateral Agent; Fountains Senior Living Holdings, LLC; and US Senior Living Investments, LLC; dated as of September 28, 2012, which Fountains Guarantee shall be executed by Reorganized Arcapita Bank on the Effective Date.

103. ***General Unsecured Claim*** means, with respect to each Debtor, any Claim against such Debtor that is not an SCB Claim, a Syndicated Facility Claim, an Arcsukuk Claim, an Intercompany Claim, a Subordinated Claim, or a Super-Subordinated Claim, and that is neither Secured nor entitled to priority under the Bankruptcy Code or any order of the Bankruptcy Court, including any Claim arising from the rejection of an Executory Contract or Unexpired Lease under section 365 of the Bankruptcy Code.

104. ***Governmental Unit*** has the meaning ascribed to such term in section 101(27) of the Bankruptcy Code.

105. ***Guarantee Claims*** means claim numbers 45, 65, 66, 131, 256, 276, 281, 504, and 508, as numbered in the claims register maintained in the Chapter 11 Cases by the Balloting and Claims Agent.

106. ***Holder*** means any Person holding an Interest or a Claim.

107. ***HQ Settlement*** means that certain settlement by and among the Debtors and the AHQ Cayman I Investors on the terms and conditions set forth in Section VI.B.8 of the Disclosure Statement.

108. ***HQ Settlement Agreement*** means that certain agreement by and among the Debtors and the AHQ Cayman I Investors memorializing the HQ Settlement. The HQ Settlement Agreement shall be materially consistent with the terms of the HQ Settlement and shall be substantially in the form filed in the Plan Supplement.

109. ***Impaired*** means a Claim or a Class of Claims that is impaired within the meaning of section 1124 of the Bankruptcy Code.

110. ***Implementation Memorandum*** means the memorandum describing the restructurings, transfers, and other corporate transactions that the Debtors determine to be necessary or appropriate to effectuate the Restructuring in compliance with the Bankruptcy Code and other applicable United States, Cayman, Bahrain, and other applicable law and, to the maximum extent possible, in a tax efficient manner. A non-final form of the Implementation Memorandum is attached to the Disclosure Statement as **Exhibit E**. The Plan Supplement will include a substantially final form of the Implementation Memorandum.

111. ***Incentive Programs*** means the incentive programs maintained by the Arcapita Group that enabled participating employees to incur obligations to the Arcapita Group in order to invest alongside the Arcapita Group in certain investments. The Incentive Programs include the Investment Participation Program and the Investment Incentive Program described in the Senior Management Global Settlement Approval Motion.

112. ***Intercompany Claim*** means any Claim held by a Debtor against another Debtor or any Claim against a Debtor held by a wholly-owned direct or indirect subsidiary of a Debtor; *provided*, *however*, that Claims held by Falcon against any other Debtor are not Intercompany Claims.

113. ***Intercompany Contracts*** means any Executory Contract by or between or among any of the Debtors or between or among any of the Debtors and any of the Debtors' Affiliates.

114. ***Intercompany Interests*** means the Interests held in a Debtor by another Debtor.

115. ***Interests*** means, as to each Debtor, any: (i) Equity Security of such Debtor, including all shares or similar securities in any Debtor, whether or not transferable or denominated "stock", and whether issued, unissued, authorized, or outstanding; (ii) any warrants, options, or contractual rights to purchase, sell, subscribe or acquire such Equity Security at any time and all rights arising with respect thereto; and (iii) any similar interest in a Debtor. Notwithstanding the foregoing, the term Interests does not include any warrants, options, or contractual rights to purchase, sell, subscribe or acquire any Share of Falcon or any similar interest in Falcon.

116. ***Investment Company Act*** means the Investment Company Act of 1940, 15 U.S.C. §§ 80a-1—80a-64, as in effect on the Petition Date, together with all amendments and modifications thereto subsequently made applicable to the Chapter 11 Cases.

117. ***JPLs*** means Gordon MacRae and Simon Appell.

118. ***Key Employee Incentive Plan*** means the restructuring incentive plan for key employees, which incentive plan was approved by the Bankruptcy Court in an order dated July 6, 2012 [Docket No. 303].

119. ***Knowledgeable Employee*** has the meaning ascribed to such term in Rule 3c-5, promulgated under the Investment Company Act.

120. ***Lien*** has the meaning set forth in section 101(37) of the Bankruptcy Code.

121. ***Liquidation Analysis*** means the liquidation analysis attached as **Exhibit B** to the Disclosure Statement.

122. ***Lusail Land*** means the 3,659,080 square meter plot of land in Lusail City, Qatar known as Golf-REC/01.

123. ***Lusail Lease*** means that certain Lease Agreement dated March 5, 2012 between Arcapita Bank and QIB.

124. ***Lusail Transactions*** means all transactions related to the Lusail Land following its acquisition by Al-Imtiaz Investment Co. K.S.C.(c) on June 6, 2008.

125. ***Lusail Transaction Documents*** means the Lusail Lease, the Lusail Option, and the QRE Letter Agreement.

126. ***Lusail Option*** means that certain Promise to Sell, dated March 5, 2012 between Arcapita Bank and QIB.

127. ***Management Services Agreement*** means that certain agreement to be entered into by and between New Arcapita Topco and AIM for the provision of management and advisory services. The Management Services Agreement shall be materially consistent with the terms set forth in the Cooperation Settlement Term Sheet and shall be substantially in the form filed in the Plan Supplement.

128. ***Master Service List*** means the 2002 Service List filed from time to time on the docket of the Chapter 11 Cases.

129. ***New Arcapita AIHL Class A Shares*** means 55% of the New Arcapita Class A Shares. The terms of the New Arcapita AIHL Class A Shares, including governance rights, will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita AIHL Class A Shares will be filed in the Plan Supplement.

130. ***New Arcapita AIHL Ordinary Shares*** means 2.5% of the New Arcapita Ordinary Shares. The terms of the New Arcapita AIHL Ordinary Shares, including governance rights, will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita AIHL Ordinary Shares will be filed in the Plan Supplement.

131. ***New Arcapita Bahrain Minorityco*** means the limited liability company that may be incorporated in the Cayman Islands and formed on or prior to the Effective Date that will be wholly owned, after the Effective Date, by New Arcapita Topco and own, after the Effective Date, 0.01% of the issued and outstanding shares in New Bahraini Arcapita Holdco.

132. ***New Arcapita Bank Class A Shares*** means 45% of the New Arcapita Class A Shares. The terms of the New Arcapita Bank Class A Shares, including governance rights, will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita Bank Class A Shares will be filed in the Plan Supplement.

133. ***New Arcapita Bank Holdco*** means the limited liability company to be incorporated in Delaware and formed on or prior to the Effective Date that will be wholly owned by New Arcapita Topco, unless New Bahraini Arcapita Holdco is formed. If New Bahraini Arcapita Holdco is formed, New Arcapita Bank Holdco will be wholly owned by New Bahraini Arcapita Holdco. New Arcapita Bank Holdco will own, after the Effective Date, more than 50% of the issued and outstanding Shares in Reorganized Arcapita Bank.

134. ***New Arcapita Bank Ordinary Shares*** means 97.5% of the New Arcapita Ordinary Shares. The terms of the New Arcapita Bank Ordinary Shares, including governance rights, will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita Bank Ordinary Shares will be filed in the Plan Supplement.

135. ***New Arcapita Class A Shares*** mean the senior preference shares with an aggregate liquidation preference of $810 million to be issued by New Arcapita Topco, as provided in the Implementation Memorandum, which New Arcapita Class A Shares shall be senior to the New Arcapita Ordinary Shares and the New Arcapita Warrant Ordinary Shares. The terms of the New Arcapita Class A Shares will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita Class A Shares will be filed in the Plan Supplement.

136. ***New Arcapita Creditor Warrants*** means warrants or similar instruments in New Arcapita Topco that, in the aggregate, will entitle the holders thereof to New Arcapita AIHL Ordinary Shares that constitute up to 47.5% of the New Arcapita Ordinary Shares, subject to dilution by the New Arcapita Shareholder Warrants, all on the terms and conditions set forth in the Equity Term Sheet. The terms of the New Arcapita Creditor Warrants will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita Creditor Warrants will be filed in the Plan Supplement.

137. ***New Arcapita Holdco 1*** means the limited liability company to be incorporated in the Cayman Islands and formed on or prior to the Effective Date that will own, after the Effective Date, 100% of the issued and outstanding shares in New Arcapita Holdco 2. If New Bahraini Arcapita Holdco is formed, New Bahraini Arcapita Holdco will own 99.99% of the issued and outstanding shares in New Arcapita Holdco 1 and Arcapita (HK) Limited will own 0.01% of the issued and outstanding shares in New Arcapita Holdco 1. If Bahraini Arcapita Holdco is not formed, New Arcapita Topco will own 99.99% of the issued and outstanding shares in New Arcapita Holdco 1 and Arcapita (HK) Limited will own 0.01% of the issued and outstanding shares in New Arcapita Holdco 1.

138. ***New Arcapita Holdco 2*** means the limited liability company to be incorporated in Delaware and formed on or prior to the Effective Date that will be wholly owned by New Arcapita Holdco 1 and own, after the Effective Date, 100% of the issued and outstanding shares in New Arcapita Holdco 3 and all of the assets currently owned directly or indirectly by AIHL.

139. ***New Arcapita Holdco 3*** means the limited liability company to be incorporated in the Cayman Islands and formed on or prior to the Effective Date that will be owned, after the Effective Date, by New Arcapita Holdco 2 and own, after the Effective Date, all of the assets currently owned directly or indirectly by Arcapita Bank other than interests in, and assets currently owned directly or indirectly by, AIHL and Arcapita (HK) Limited.

140. ***New Arcapita Ordinary Shares*** means the Class A and Class B ordinary shares to be issued by New Arcapita Topco, as provided in the Implementation Memorandum. The New Arcapita Ordinary Shares will be subject to dilution by the New Arcapita Creditor Warrants and the New Arcapita Shareholder Warrants, if issued. The terms of the New Arcapita Ordinary Shares will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita Ordinary Shares will be filed in the Plan Supplement.

141. ***New Arcapita Shareholder Warrants*** means warrants or similar instruments in New Arcapita Topco that, in the aggregate, will entitle the holders thereof to the

New Arcapita Warrant Ordinary Shares, which will constitute up to 80% of the common equity of New Arcapita Topco on a fully diluted basis on the terms and conditions set forth in the Equity Term Sheet. The terms of the New Arcapita Shareholder Warrants will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita Shareholder Warrants will be filed in the Plan Supplement.

142. ***New Arcapita Shares*** means the New Arcapita Class A Shares the New Arcapita Ordinary Shares, and the New Arcapita Warrant Ordinary Shares.

143. ***New Arcapita Topco*** means the entity to be incorporated in the Cayman Islands and formed on or prior to the Effective Date that will issue the New Arcapita Shares and own, after the Effective Date, 100% of the issued and outstanding shares in New Arcapita Bank Holdco and 99.99% of the issued and outstanding shares in New Arcapita Holdco 1.

144. ***New Arcapita Warrant Ordinary Shares*** means the Class C ordinary shares to be issued by New Arcapita Topco, as provided in the Implementation Memorandum. The terms of the New Arcapita Warrant Ordinary Shares will be consistent with the Equity Term Sheet, and the definitive documents with respect to such New Arcapita Warrant Ordinary Shares will be filed in the Plan Supplement.

145. ***New Bahraini Arcapita Holdco*** means the entity that may be incorporated in the Kingdom of Bahrain and formed on or prior to the Effective Date that will own, after the Effective Date, 99.99% of the issued and outstanding shares in New Arcapita Holdco 1 and 100% of the issued and outstanding shares in New Arcapita Bank Holdco. New Arcapita Topco will own 99.99% of the issued and outstanding shares in New Bahraini Arcapita Holdco and New Arcapita Bahrain Minorityco will own 0.01% of the issued and outstanding shares in New Bahraini Arcapita Holdco.

146. ***New Boards*** means the initial boards of directors (or their equivalents under applicable law) of the Reorganized Debtors, the New Holding Companies, and their subsidiaries.

147. ***New Facility Distribution Procedures*** means the following procedures:

i. In the case of any Holder of Claims in Classes 2(a)-(f), execution of the New SCB Facility, binding such Holder to the provisions of the New SCB Facility and the other documents related thereto;

ii. Provision of such information and documentation as the Debtors and the Disbursing Agent, in the case of the DIP Agent, or the New SCB Facility Agent, in the case of any Holder of Claims in Classes 2(a)-(f), may reasonably require to ensure compliance with applicable withholding and reporting requirements, including delivery of the applicable Internal Revenue Service Form W-8 or Internal Revenue Service Form W-9;

iii. Provision of any other item reasonably required by the Disbursing Agent or New SCB Facility Agent, as applicable; and

iv. All Distributions to be made under the Plan to Holders of DIP Facility Claims shall be made to the DIP Agent and shall be distributed by the DIP Agent to such Holders in accordance with the provisions of the DIP Facility.

148. ***New Governing Documents*** means the form of the revised certificates of incorporation, bylaws, limited liability company agreements, memoranda and articles of association, certificates of formation, shareholders' agreements, or similar governing document of each of the Reorganized Debtors and the New Holding Companies, which New Governing Documents shall be substantially in the form filed in the Plan Supplement.

149. ***New Holding Companies*** means New Arcapita Holdco 1, New Arcapita Holdco 2, New Arcapita Holdco 3, New Arcapita Topco, and New Arcapita Bank Holdco, New Bahraini Arcapita Holdco (if formed), and New Arcapita Bahrain Minorityco (if formed).

150. ***New SCB Facility*** means a new Murabaha facility with a cost price equal to the amount of the Allowed SCB December 2011 Claim and the Allowed SCB May 2011 Claim, to be entered into by (i) certain Reorganized Debtors and/or New Holding Companies and certain of their Affiliates and (ii) SCB on the Effective Date, the terms of which shall be substantially in accordance with the terms set forth on the SCB Term Sheet. The New SCB Facility will be substantially in the form filed in the Plan Supplement.

151. ***New SCB Facility Agent*** means SCB.

152. ***New SCB Facility Obligations*** means the obligations of the New SCB Facility Obligors under the New SCB Facility.

153. ***New SCB Facility Obligors*** means the Reorganized Debtors and/or New Holding Companies and certain of their Affiliates that are party to the New SCB Facility.

154. ***New Unsecured Claim Distribution Procedures*** means, as to any Claimant in Classes 4(a)-(b), 5(a)-(b), 5(g), 6(a), and 8(a), compliance by such Claimant with the following procedures, except and to the extent requiring compliance with such procedures violates applicable law or unless the Disbursing Agent determines that the Claimant would still be bound by the applicable documents notwithstanding the failure to execute them:

i. With respect to Claimants in Classes 5(b), 5(g), 6(a), and 8(a) only, execution and delivery of the Creditor Release and any ancillary documents required thereby;

ii. With respect to Claimants in Classes 4(a)-(b) and 5(a)-(b) that are not Non-Eligible Claimants only, execution of the Sukuk Facility binding such Claimant to the provisions of the Sukuk Facility and the other documents related thereto;

iii. Provision of such information and documentation as the Disbursing Agent may reasonably require to ensure compliance with applicable withholding

and reporting requirements, including delivery of the applicable Internal Revenue Service Form W-8 or Internal Revenue Service Form W-9; and

iv. Provision of any other item reasonably required by the Disbursing Agent.

155. ***Non-Eligible Claimant*** means any Holder of a Claim or Interest that is not any of (i) a Qualified Purchaser, (ii) a Knowledgeable Employee, or (iii) a Non-U.S. Person.

156. ***Non-U.S. Person*** means any entity that is not a "U.S. person," as that term is defined under Regulation S, promulgated under the Securities Act.

157. ***Other Priority Claim*** means any Claim, other than an Administrative Expense Claim, a DIP Facility Claim, an SCB Claim, or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

158. ***Other Secured Claim*** means any Secured Claim that is not a SCB Claim.

159. ***Person*** means any person, including without limitation, any individual, entity, corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint stock company, estate, trust, unincorporated association or organization, official committee, ad hoc committee or group, governmental agency or political subdivision thereof, the U.S. Trustee, and any successors or assigns of any of the foregoing.

160. ***Petition Date*** means, with respect to Arcapita Bank, AIHL, Arcapita LT Holdings Limited, Windturbine Holdings Limited, AEID II Holdings Limited, and Railinvest Holdings Limited, March 19, 2012; and with respect to Falcon Gas Storage Company, Inc., April 30, 2012.

161. ***Placement Banks*** means Al Baraka Islamic Bank, Bahrain Islamic Bank, and Tadhamon Capital.

162. ***Plan*** means the Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors under Chapter 11 of the Bankruptcy Code proposed by the Debtors, dated April 25, 2013, and all documents or exhibits attached thereto or referenced therein including, without limitation, the Plan Documents, as the same may be amended, modified, or supplemented from time to time.

163. ***Plan Documents*** means the Plan, the Plan Supplement, the Disclosure Statement, and all documents, attachments, and exhibits attached to the Plan, the Plan Supplement, or the Disclosure Statement, including, without limitation, those that aid in effectuating the Plan, as the same may be amended, modified, or supplemented, in accordance with their terms.

164. ***Plan Objection Deadline*** means 4:00 p.m. on May 30, 2013 (Prevailing U.S. Eastern Time) and is the deadline by which objections to the Plan must be Filed with the Bankruptcy Court and served in accordance with the Disclosure Statement Approval Order.

165. ***Plan Supplement*** means the supplement to the Plan Filed by the Debtors with the Bankruptcy Court on or before 10 days prior to the commencement of the Confirmation Hearing, which supplement shall contain substantially final forms of the key substantive documents required for the implementation of the Plan.

166. ***Postpetition Period*** means the period of time following the Petition Date through the Effective Date.

167. ***Priority Tax Claim*** means a Claim of a kind specified in section 507(a)(8) of the Bankruptcy Code.

168. ***Professional Compensation Claim*** means all Administrative Expense Claims for compensation, indemnification, or reimbursement of expenses incurred by Professionals through the Confirmation Date pursuant to section 327, 328, 330, 331, 363, or 503(b) of the Bankruptcy Code in connection with the Chapter 11 Cases.

169. ***Professional Compensation Claims Escrow Account*** means an escrow account at Citibank N.A., or such other U.S. financial institution acceptable to the Committee and the Debtors, established by the Debtors on the Effective Date for the payment of Professional Compensation Claims in accordance with Section 2.2 of the Plan. The Professional Compensation Claims Escrow Account may, to the extent permitted by Shari'ah, bear profit. The definitive documents evidencing the Professional Compensation Claims Escrow Account shall be filed in the Plan Supplement.

170. ***Professionals*** means those Persons (i) employed pursuant to an order of the Bankruptcy Court in accordance with sections 327, 328, 363, or 1103 of the Bankruptcy Code and to be compensated for services pursuant to sections 327, 328, 329, 330, 331, and 363 of the Bankruptcy Code, for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(1) of the Bankruptcy Code and/or, (ii) for which compensation and reimbursement has been Allowed by the Bankruptcy Court or is sought pursuant to section 503(b)(4) of the Bankruptcy Code.

171. ***Proof of Claim*** means any proof of claim filed with the Bankruptcy Court or the Balloting and Claims Agent with respect to a Debtor pursuant to section 501 of the Bankruptcy Code and Bankruptcy Rule 3001 or 3002.

172. ***Proof of Interest*** means any proof of interest filed with the Bankruptcy Court or the Balloting and Claims Agent with respect to a Debtor pursuant to section 501 of the Bankruptcy Code and Bankruptcy Rule 3002.

173. ***Pro Rata Share*** means, with reference to any Distribution on account of any Allowed Claim or Allowed Interest in a Class, a Distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Claim or Interest bears to the aggregate amount of all Allowed Claims or Allowed Interests in the same Class. With reference to the distribution of Transferring Shareholder Warrants to the Holders of Shares in Arcapita Bank that agree to become Transferring Shareholders, a Pro Rata Share is a distribution equal in amount to the ratio (expressed as a percentage) that the number of Shares held by the applicable

Transferring Shareholder bears to the aggregate amount of all Shares in Arcapita Bank that were outstanding as of the Petition Date.

174. ***PNVs*** means the special purpose Cayman Islands companies known as "program non-voting companies" that hold non-voting shares of the Syndication Companies related to U.S.-based portfolio investments.

175. ***PVs*** means the special purpose Cayman Islands companies known as "program voting companies" that hold the voting shares of the Syndication Companies related to U.S.-based portfolio investments.

176. ***QIB*** means Qatar Islamic Bank Q.S.C.

177. ***QRE Letter Agreement*** means that certain Letter Agreement, dated March 12, 2012 between Arcapita Bank and QRE Investments W.L.L.

178. ***Qualified Purchaser*** has the meaning ascribed to such term in Rule 2a51-1, promulgated under the Investment Company Act.

179. ***Record Date*** means April 26, 2013, the date on which the Bankruptcy Court entered the Disclosure Statement Approval Order.

180. ***Reinstated*** means, as to an Allowed Claim or Allowed Interest, leaves unaltered the legal, equitable and contractual rights to which such Claim or Interest entitles its Holder.

181. ***Released Actions*** means any Causes of Action that are released by the Debtors pursuant to the Plan.

182. ***Released Parties*** means (i) Debtors AIHL and Arcapita Bank, (ii) the Committee and its members, solely in their capacities as members of the Committee, (iii) the JPLs, solely in their capacities as joint provisional liquidators, (iv) the respective current and former officers, members of the board of directors, employees, managers (in their capacities as officers, members of the board of directors, employees, or managers, as applicable) of the Debtors and the Debtors' Affiliates, (v) Professionals and other professionals and agents (in their capacities as Professionals or other professionals and agents, as applicable) for services rendered during the pendency of the Chapter 11 Cases to or for the Debtors, the Debtors' Affiliates, the Committee, the JPLs, or the Ad Hoc Group, along with the successors, and assigns of each of the foregoing, (vi) SCB, *provided*, *however*, that SCB shall be a Released Party if and only if SCB votes to accept the Plan, (vii) the third-party holders of interests in the Syndication Companies, the PVs, and the PNVs, *provided*, *however*, that if any such holder of an interest is also a Placement Bank, such holder shall be a Released Party solely in its capacity as a holder of an interest in the Syndication Companies, the PVs, and/or the PNVs, as applicable, (viii) the Central Bank of Bahrain (including, without limitation, in its capacity as Creditor and regulator), (ix) the AHQ Cayman I Investors, (x) Holders of Interests in Arcapita Bank, and (xi) the members of the Ad Hoc Group.

183. ***Reorganized*** means, when used with reference to a Debtor, such Debtor on and after the Effective Date.

184. ***Restructuring*** means the restructuring of the Debtors' capital structure implemented by the Plan, the Equity Term Sheet, and the transactions contemplated in connection therewith.

185. ***Rights Offering*** means that certain prepetition rights offering commenced in late 2010 by Arcapita Bank pursuant to which eligible participants purchased rights to purchase Shares in Arcapita Bank at a price of $3.00 each.

186. ***Rights Offering Claim*** means any Claim derived from or based upon the Rights Offering, including, without limitation, any Claim identified in the *Notice of Amendment to Schedule F of Debtors' Schedules of Assets and Liabilities and Deadline to Object to Such Amendment Pursuant to Rule 1009(a) of the Federal Rules of Bankruptcy Procedure* [Docket No. 821].

187. ***SCB*** means Standard Chartered Bank.

188. ***SCB Adequate Protection Claim*** means an Adequate Protection Claim, as defined in the SCB Settlement.

189. ***SCB Claims*** means any SCB Adequate Protection Claim, the SCB December 2011 Claim, the SCB May 2011 Claim, and any SCB Superpriority Claim.

190. ***SCB December 2011 Claim*** means any Claim arising under the SCB December 2011 Facility and owed to SCB, including, without limitation, all accrued and unpaid interest, fees, and expenses, and other obligations owed to SCB under the SCB December 2011 Facility.

191. ***SCB December 2011 Facility*** means that certain Master Murabaha Agreement dated December 22, 2011 by and between Arcapita Bank and SCB as Investment Agent (as amended, restated, supplemented, and/or otherwise modified) together with all mortgages, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith.

192. ***SCB Facilities*** means the SCB December 2011 Facility and the SCB May 2011 Facility.

193. ***SCB May 2011 Claim*** means any Claim arising under the SCB May 2011 Facility and owed to SCB, including, without limitation, all accrued and unpaid interest, fees, and expenses, and other obligations owed to SCB under the SCB May 2011 Facility.

194. ***SCB May 2011 Facility*** means that certain Master Murabaha Agreement dated May 30, 2011 by and between Arcapita Bank and SCB as Investment Agent (as amended, restated, supplemented, and/or otherwise modified) together with all mortgages, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith.

195. ***SCB Settlement*** means the Settlement Term Sheet attached as Exhibit 1 to the SCB Settlement Approval Order.

196. ***SCB Settlement Approval Order*** means the *Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Settlement with Standard Chartered Bank*, entered by the Bankruptcy Court on October 19, 2012 [Docket No. 587].

197. ***SCB Superpriority Claim*** means any SCB Superpriority Claims, as defined in the SCB Settlement.

198. ***SCB Term Sheet*** means that certain term sheet, attached as **Exhibit G** to the Disclosure Statement, that sets forth the terms of the New SCB Facility.

199. ***Schedules*** means the schedules, statements, and lists filed by the Debtors with the Bankruptcy Court pursuant to Bankruptcy Rule 1007, as they may be amended or supplemented from time to time.

200. ***Section 510(b) Claim*** means any Claim against the Debtors arising from rescission of a purchase or sale of a security of the Debtors or any of them or an Affiliate of the Debtors, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

201. ***Secured*** means, when referring to a Claim: (i) secured by a Lien on property in which an Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law, or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or (ii) Allowed as such pursuant to the Plan or a Final Order. For the avoidance of doubt, a Claim shall be "Secured" if such security would be recognized as valid and enforceable under applicable law of the foreign jurisdiction pursuant to which such security was created.

202. ***Securities Act*** means the Securities Act of 1933, 15 U.S.C. §§ 77a-77m, as in effect on the Petition Date, together with all amendments and modifications thereto subsequently made applicable to the Chapter 11 Cases.

203. ***Senior Management Global Settlement*** means that certain agreement, more particularly described in the Senior Management Global Settlement Term Sheet attached as **Exhibit J** to the Disclosure Statement, between the Debtors and Existing Senior Management to resolve certain issues related to their employment by the Debtors. The final form of the Senior Management Global Settlement will be filed in the Plan Supplement.

204. ***Senior Management Global Settlement Approval Motion*** means the *Debtors' Motion for an Order Pursuant to Sections 363(b) and 503(c) of the Bankruptcy Code and Bankruptcy Rule 9019 Authorizing Debtors to Implement Global Settlement of Senior Management Claims* [Docket No. 487].

205. ***Shareholder Acknowledgment and Assignment*** means, as to each Transferring Shareholder, that certain Shareholder Acknowledgment and Assignment, the form of which is attached as Exhibit K to the Disclosure Statement.

206. ***Shares*** means, as to each Debtor, the common shares or similar securities in each Debtor that are issued and outstanding as of the Record Date.

207. ***Solicitation Package*** means the package mailed to Holders of Claims entitled to vote to accept or reject the Plan, which package contains, among other things, (i) a copy of the Plan, (ii) a copy of the Disclosure Statement, (iii) the appropriate Ballot, Ballot Instructions, and Ballot return envelope, and (iv) a cover letter from the Debtors.

208. ***Subordinated Claim*** means any Section 510(b) Claim and any Claim that is neither Secured nor entitled to priority under the Bankruptcy Code or any order of the Bankruptcy Court and that is subordinated to General Unsecured Claims; *provided*, *however*, that Super-Subordinated Claims shall not be Subordinated Claims. For the avoidance of doubt, to the extent Allowed, the Thronson Claims and the Rights Offering Claims are Subordinated Claims.

209. ***Subordinated Claim Warrants*** means a percentage of the New Arcapita Shareholder Warrants equal to the quotient obtained by dividing (i) the aggregate amount of Allowed Class 8(a) Subordinated Claims by (ii) the aggregate amount of Allowed Class 8(a) Subordinated Claims plus $1,634,446,889.

210. ***Subplan*** means, when used in connection with a Debtor, the Plan of Reorganization under chapter 11 of the Bankruptcy Code for such Debtor that is incorporated into the Plan.

211. ***Sukuk Agent*** means [_____].

212. ***Sukuk Facility*** means certain agreements comprising a new Shari'ah-compliant mudaraba sukuk of up to $550 million, to be entered into by (i) certain Reorganized Debtors and/or New Holding Companies and certain of their Affiliates, (ii) [New Arcapita Investment Ltd.] as Issuer, Rab-al Maal and Trustee, and (iii) certain other third parties, the terms of which shall be substantially in accordance with the terms set forth on the Sukuk Facility Term Sheet. The Sukuk Facility will be substantially in the form filed in the Plan Supplement.

213. ***Sukuk Facility Term Sheet*** means that certain term sheet, attached as **Exhibit H** to the Disclosure Statement, that sets forth the terms of the Sukuk Facility.

214. ***Sukuk Facility Obligors*** means [New Arcapita Investment Ltd.], the Reorganized Debtors and/or New Holding Companies and certain of their Affiliates and other third parties that are party to the Sukuk Facility.

215. ***Sukuk Obligations*** means the obligations of [New Arcapita Investment Ltd.], the New Holding Companies, and the Reorganized Debtors under the Sukuk Facility, to be distributed to certain Holders of Syndicated Facility Claims, Arcsukuk Claims, and General Unsecured Claims on the Effective Date, as provided in Article IV of the Plan.

216. ***Super-Subordinated Claim*** means any Section 510 Claim that is subordinated below Shares. For the avoidance of doubt, to the extent Allowed, the Tide Claims are Super-Subordinated Claims.

217. ***Syndicated Facility*** means that certain means that certain Master Murabaha Agreement dated as of March 28, 2007 by and between Arcapita Bank, AIHL as guarantor, and WestLB, AG, London Branch as Investment Agent (as amended, restated, supplemented, and/or otherwise modified) together with all mortgages, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith.

218. ***Syndicated Facility Agent*** means WestLB, AG, London Branch.

219. ***Syndicated Facility Claim*** means a Claim arising under the Syndicated Facility, including, without limitation, all interest, fees, and expenses that were accrued but unpaid as of the Petition Date, and other obligations owed pursuant to the Syndicated Facility.

220. ***Syndication Companies*** means the Cayman Islands holding companies through which the Arcapita Group syndicated interests in the Arcapita Group's investments to third-party investors.

221. ***Third-Party Released Parties*** means the respective current and former officers, members of the board of directors, employees, managers (in their capacities as officers, directors, employees, or managers, as applicable), Professionals, other professionals and agents (in their capacities as Professionals, other professionals or agents, as applicable, for services rendered during the pendency of the Chapter 11 Cases) to or for the Debtors or the Debtors' Affiliates.

222. ***Thronson Claims*** means any Proofs of Claim Filed by any of the Thronson Parties, including, without limitation, claim numbers 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, and 422, as numbered in the claims register maintained in the Chapter 11 Cases by the Balloting and Claims Agent.

223. ***Thronson Parties*** means Lowell Thronson, Henry Adair, Guy Busk, Galen W. Cantrell, Michelle G. Colombo, Glen M. Coman, Vhonda Cook, Randall L. Crumpley, Stephen Dorcheus, Judy B. Farley, Joe V. Fields, Gregory D. Fletcher, Kenneth Gillespie, Darrell R. Green, Terra Leigh Griffin, Michael L. Gryder, Jack L. Hopkins, John Holcomb, Andy Johnson, Ed McIntosh, Bryan K. Mercer, Carla Nims, Ricky Plumlee, Jimmy Rains, David Robinson, Chad Rogers, Mark Rowland, James Scott, Danny J. Sharp, Derrick M. Shaw, Randall J. Small, Joel P. Stephen, Ray Don Turner, Johnny B. Ulrich, James Bradley Underwood, Hank R. Watson, Royce Williams, and Troyce Willis.

224. ***Tide Claims*** means claim numbers 295, 296, 297, and 298, as numbered in the claims register maintained in the Chapter 11 Cases by the Balloting and Claims Agent.

225. ***Transferring Shareholder*** means any Holder of Shares in Arcapita Bank that agrees to transfer such Shares to New Arcapita Bank Holdco in exchange for such Holder's

Pro Rata Share of the Transferring Shareholder Warrants on or before the one year anniversary of the Effective Date.

226. ***Transferring Shareholder Warrants*** means a percentage of the New Arcapita Shareholder Warrants equal to the quotient obtained by dividing (i) $1,634,446,889 by (ii) the aggregate amount of Allowed Class 8(a) Subordinated Claims plus $1,634,446,889.

227. ***Unclaimed Property*** means unclaimed Cash or other property held by the Disbursing Agent under the Disbursing Agent Agreement and any Distributions returned to or otherwise held by the Disbursing Agent on the Forfeiture Date as well as any other Distributions not claimed on or before the Forfeiture Date.

228. ***Unexpired Lease*** means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

229. ***Unimpaired*** means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

230. ***USD*** means United States Dollars, the legal tender of the United States of America.

231. ***U.S. Trustee*** means the United States Trustee for the Southern District of New York.

232. ***U.S. Trustee Fees*** means all fees and charges assessed against the Estates under section 1930 of title 28 of the United States Code, and interest, if any, for delinquent quarterly fees pursuant to section 3717 of title 31 of the United States Code.

233. ***Voting Deadline*** means 12:00 p.m. (Prevailing U.S. Eastern Time) on May 30, 2013, which is the deadline for submitting Ballots.

234. ***Voting Report*** means the report prepared by the Balloting and Claims Agent which reports the results of the tabulation of votes to accept or reject the Plan.

235. ***Warrant Distribution Conditions*** means, as to any Transferring Shareholder, compliance by such Transferring Shareholder with the following procedure:

i. Execution and delivery of the Shareholder Acknowledgment and Assignment and any ancillary documents required thereby or to otherwise give full effect thereto prior to the one year anniversary of the Effective Date;

ii. Provision of such information and documentation as the Disbursing Agent may reasonably require to ensure compliance with applicable withholding and reporting requirements, including delivery of the applicable Internal Revenue Service Form W-8 or Internal Revenue Service Form W-9; and

iii. Provision of any other item reasonably required by the Disbursing Agent.

EXHIBIT B
LIQUIDATION ANALYSIS

Arcapita Bank B.S.C.(c), et al.
Liquidation Analysis[1]

Pursuant to section 1129(a)(7) of the Bankruptcy Code (the "Best Interests Test"), each holder of an impaired Claim or equity Interest must either: (i) accept the Plan; or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such non-accepting Holder would receive or retain if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

In determining whether the Best Interests Test has been met, the first step is to determine the recovery to each Class of creditors would receive in a hypothetical liquidation of the Debtors' assets in a chapter 7 proceeding. The gross amount of Cash available would be the sum of the proceeds from the disposition of the Debtors' assets and the Cash held by the Debtors at the commencement of their hypothetical chapter 7 cases. The gross amount of Cash would be reduced by the costs and expenses of the liquidation, the amount attributable to collateral pledged to a claimant on account of an allowed Secured Claim and/or super-priority secured claim arising post-petition, and the amounts necessary to satisfy, among other things, chapter 11 Administrative Expense Claims and Priority Tax Claims. Any remaining Cash would be available for distribution to Holders of Allowed General Unsecured Claims and Equity Interest Holders in accordance with the distribution hierarchy established by section 726 of the Bankruptcy Code.

The Debtors' liquidation analyses (collectively, the "Liquidation Analyses") reflect management's projection of the proceeds that may be realized by the Debtors' Estates and the potential recoveries that may be realized by the Holders of Allowed Claims if the assets of the Debtors were liquidated and the proceeds distributed in accordance with chapter 7 of the Bankruptcy Code ("Chapter 7").

A number of projections, estimates and assumptions underlie the Liquidation Analyses that, although developed and considered to be reasonable, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of management, and that are based upon present assumptions as to liquidation decisions which could change based upon a change in circumstances. Accordingly, there can be no assurance that the values and the costs reflected in the Liquidation Analyses will be realized if the Debtors were, in fact, to undergo a liquidation under chapter 7.

The Liquidation Analyses may be helpful to holders of Claims entitled to vote in reaching a determination of whether to vote to accept or reject the Plan. Holders of Claims entitled to vote are encouraged to compare the estimated recovery shown in the Liquidation Analyses to those estimated under the Plan as detailed in the Disclosure Statement.

The Liquidation Analyses should be read in conjunction with the following notes and assumptions.

[1] Unless separately defined herein, all capitalized terms have the meanings ascribed to them in the *Joint Plan of Reorganization of Arcapita Bank B.S.C. (c) and Related Debtors Under Chapter 11 of the Bankruptcy Code, dated April 15, 2013* (the "Plan") or the *Disclosure Statement in Support of the Joint Plan of Reorganization of Arcapita Bank B.S.C. (c) and Related Debtors Under Chapter 11 of the Bankruptcy Code, dated April 15, 2013* (the "Disclosure Statement").

Assumptions:
For the purpose of the Liquidation Analyses, the Debtors considered many factors and made certain assumptions. Those assumptions that the Debtors consider significant are described below.[2]

1. General

a. **Conversion:** Each of the Chapter 11 cases is converted to a hypothetical Chapter 7 on May 31, 2013 (the "Conversion Date"). While individual liquidation analyses were prepared for each of the Debtors, only the liquidation analyses for Arcapita Bank, AIHL, LT Holdings and Falcon Gas Storage Company, Inc. have been included in the Disclosure Statement. The individual liquidation analyses for WTHL, AEID II Holdings and Rail Invest (collectively, the "Portfolio Company Debtors") have been incorporated into the liquidation analyses for AIHL and LT Holdings due to the Debtors' concerns regarding the confidential nature of the Debtors' valuation assumptions for the Portfolio Company Debtors (either on a liquidation basis or as a going concern). The Debtors are concerned that if such information were made public, it could have a material adverse effect on the Debtors' ability to maximize the net proceeds from the ultimate monetization of the Portfolio Company Debtors. The liquidation analyses for the Portfolio Company Debtors show that the recovery of the Portfolio Company Debtors' creditors in the context of a hypothetical chapter 7 would be no greater than what Portfolio Company Debtors' creditors would receive under the Plan. See the separate liquidation analysis for Falcon Gas Storage Company, Inc.

b. Consolidation: The Liquidation Analyses assume that the Debtors are consolidated for administrative purposes in Chapter 7 cases pending in the United States ("US".) Since the Debtors have operations and assets throughout the world, it is possible that liquidation proceedings as to the Debtors' assets could occur in the US, Cayman Islands, Bahrain, certain parts of Europe and potentially other countries where the Debtors may have assets.

Due to the myriad of uncertainties associated with multiple hypothetical liquidation proceedings throughout the world (including, without limitation, costly litigation amongst the various liquidation proceedings as to control), for the purpose of the Liquidation Analyses, it is assumed that the least costly and most efficient liquidation (and the one that would theoretically generate the highest net proceeds) would be one where the Debtors' assets are liquidated on a consolidated basis by one Chapter 7 trustee. If the Debtors were instead to be liquidated by multiple parties throughout the world and outside of Chapter 7, it is likely that, among other things, the costs of such an uncoordinated approach would be materially greater, the total time to liquidate all of the Debtors' assets would be materially longer, the net proceeds of the liquidation of the Debtors' assets would be materially less and the ultimate amount of Allowed Claims would be materially greater than the estimated amounts in the Liquidation Analyses.

[2] The information contained herein primarily relates to the liquidation analyses for Arcapita Bank, AIHL, LT Holdings, WTHL, AEID II Holdings and Rail Invest. A separate liquidation analysis for Falcon Gas Storage Company, Inc. (the "Falcon Liquidation Analysis"). The Falcon Liquidation Analysis is also included as a separate exhibit to the Disclosure Statement.

c. **Potential Cayman Islands Liquidation Proceeding:** As described in Section I.B.2. of the Disclosure Statement, the conditions precedent to the occurrence of the Effective Date include the entry of an order from the Cayman Court validating the AIHL Sale. Therefore, in addition to satisfying the "best interests" test of section 1129(a)(7) of the Bankruptcy Code, the Liquidation Analyses assume that in order to obtain orders from the Cayman Court so as to ensure that the Plan is rendered effective, AIHL must demonstrate to the Cayman Court that AIHL receives full value in return for any property transferred by it, and that the rights of each holder of an impaired Claim against the AIHL Estate (an "AIHL Holder") will be, as of the Effective Date, no less valuable than the rights which an AIHL Holder would receive or retain if the AIHL Estate's assets were liquidated through a hypothetical stand-alone Cayman Islands Liquidation proceeding.

The Debtors believe that, compared to the Plan, the liquidation of the AIHL Estate through a Cayman Islands liquidation proceeding would be detrimental to the recovery of AIHL Holders because, among other things, a Cayman Islands liquidation: (i) would likely trigger change of control provisions under various contracts entered into by the Debtors' portfolio companies, potentially resulting in "events of default", the prosecution of remedies by the contract counterparties and a material deterioration in the value of the effected portfolio companies; (ii) would likely trigger an event of default under the Lease and Option Agreement related to the Lusail Land (as described in Section VI.B.4. of the Disclosure Statement), potentially leading to the termination of those agreements and the loss of one of the most valuable assets in the AIHL Estate; (iii) would reduce or eliminate the current level of inter-company cooperation related to AIHL, on the one hand, and Arcapita Bank, the Syndication Companies, the PNVs, the PVs, the Transaction Holdcos and the portfolio companies, on the other hand; which could potentially restrict AIHL's access to the books and records of these companies and lead to other operational inefficiencies; (iv) would result in a default under the DIP Facility, which, if not cured through negotiation with the DIP Participants or through a refinancing of the DIP Facility, could lead to the exercise of remedies by the DIP Participants against the assets of the AIHL Estate pledged as collateral; and (v) would fail to resolve the secured and administrative claims held by SCB against LT Holdings (the primary asset of the AIHL Estate), in a manner that would preserve any value for the AIHL Holders.

Taking into account each of the issues described above, the Debtors and the JPLs believe that they will be able to demonstrate that a liquidation proceeding in the Cayman Islands is not likely to lead to a greater recovery to the AIHL Holders than what is projected under the Plan and, indeed, the recovery in a Cayman Islands liquidation proceeding could be far worse.

d. **DIP Claims and SCB Claims:** A conversion of the Debtors' Chapter 11 cases to Chapter 7 proceedings would be an event of default under the DIP Agreement and the SCB Facilities. If upon conversion to a Chapter 7, Fortress and/or SCB were to exercise their rights and remedies, they could foreclose on their collateral separately and apart from any actions that a Chapter 7 trustee may take. Actions by Fortress and/or SCB to realize upon their collateral could lead to costly litigation and potentially higher costs and reduced asset recoveries relative to an orderly liquidation overseen by one Chapter 7 trustee. Accordingly, the Liquidation Analyses assume that the Chapter 7 trustee is able to reach agreement with

Fortress and SCB to liquidate their collateral as part of the Chapter 7 liquidation and without Fortress and/or SCB separately trying to foreclose on their collateral. If an agreement cannot be reached or if the Chapter 7 trustee is forced to expedite the sale process to satisfy Fortress and/or SCB, the ultimate recovery from the sale of the Debtors' assets may be materially less than the amounts estimated in the Liquidation Analyses.

e. **Duration of Liquidation**: The Liquidation Analyses assume that the liquidation of the Debtors' assets would continue through May 31, 2014 (the "Sale Period"). During the Sale Period, all of the Debtors' significant assets would either be sold or conveyed to the applicable Lien Holders and the Cash proceeds, net of liquidation-related costs, administrative costs and reserves, would be available for distribution to Holders of Allowed Claims.

   There are over 3,000 Claims in the Debtors' Chapter 11 cases, including the Claims of Debtor-controlled entities against other Debtors and Claims among Debtors. It is unlikely that a Chapter 7 trustee could adequately reconcile all of the Claims during the Sale Period. Therefore, a large number of the Claims will be reconciled, valued, negotiated, settled, and/or litigated to conclusion after the Sale Period. The Liquidation Analyses assume that the period to distribute any proceeds to Holders of Allowed Claims would take place over a twelve-month period after the Sale Period; however, any additional time required to reconcile, settle and distribute proceeds will reduce the amount of net proceeds available to distribute on account of Allowed Claims and/or require the establishment of reserves which may significantly increase the amount of time before certain distributions can be made.

   It is not uncommon in large, complex cases such as this for a liquidation to last many years while a Chapter 7 trustee prosecutes difficult Claims and resolves other litigation.

f. **Plan Settlements**: The Plan, and the distribution scheme set forth in the Plan, reflects not only a compromise and settlement of an appropriate allocation among the Debtors of the asset values, but also the compromise and settlement of a number of other potential disputes among the Debtors' estates.

   Through the Plan and its incorporated Plan Settlements, the Debtors have endeavored to avoid costly and protracted litigation related to the various Potential Plan Disputes, including but not limited to disputes related to investment portfolio value and cost allocation, administrative expense allocation, substantive consolidation, characterization of intercompany balances, value of Arcapita Bank's control over portfolio company investments, characterization of the Arcapita Bank Bahrain headquarters lease, potential avoidance action value, and the prepetition Lusail funding.

   Litigation of the Potential Plan Disputes in either a chapter 11 or chapter 7 scenario would be costly, complex and time consuming. While the Liquidation Analyses assume that these issues are also not litigated in the context of a chapter 7 proceeding, such litigation, if initiated, would not be finally resolved for many years and would likely materially delay and erode the value of the ultimate realizable value of the Debtors' assets. Accordingly, the corresponding distributions to the Debtors' creditors would likely be materially less than the estimated amounts in the Plan and the Liquidation Analyses.

g. **Contingency Reserve:** The estimated *Net Distributable Assets* are reduced by a 10% "Contingency Reserve" to account for, among other things, the uncertainties inherent in: (i) implementing and managing the liquidation process (particularly a multi-country hypothetical liquidation such as the Debtors); (ii) uncertainty regarding the ability to consensually implement the Plan Settlements in the context of a hypothetical chapter 7; (iii) ability to quantify a variety of valuation related issues buyers would demand in the context of a hypothetical chapter 7 including, but not limited to, those discussed in paragraph 2.(e.)(i.) herein; (iv) quantifying and classifying unliquidated, contingent and/or disputed Claims; and (v) providing for disputed Claims to the extent the Debtors do not ultimately prevail in litigating them. Due to the uncertainty associated with the issues, the actual amount of the reduction in liquidation value related to these issues could be much greater than the estimated amounts shown herein for the Contingency Reserve.

2. Assets

a. **Cash**: Unless otherwise noted, Cash is based on unrestricted Cash balances.

b. "**IPP Converted to Investments":** The Global Settlement provides for the settlement of claims of the Arcapita Group against certain management Employees arising from co-investment incentive plans. Historically, the Debtors maintained two equity incentive programs: the Investment Participation Program (the "IPP") for non-U.S. citizens and the Investment Incentive Program (the "IIP" and with the IPP, the "IPP/IIP") for U.S. citizens. In sum, the IPP/IIP afforded certain management level Employees the opportunity to co-invest with the Arcapita Group in portfolio companies and obtain shares (the "Investment Share***s***") using the proceeds of loans from the Arcapita Group which are repaid over time from future Employee bonus payments (with respect to the IPP) or through deferred compensation (with respect to the IIP). For more information, please see the "Severance Program" section of the Disclosure Statement. The estimated recovery from the IPP in the Liquidation Analyses is assumed to equal the expected recovery from the IPP under the Plan.

c. **"Other Receivables":** Certain Debtor and non-Debtor Affiliates are owed amounts that generally fall into the following categories:

i. Management Fees: In many instances, there are (a) management agreements (the "Management Agreements") between Arcapita Bank's management company affiliates (the "Management Companies") and the portfolio companies and (b) Administration Agreements between Arcapita Bank's subsidiary, AIML, and the Syndication Companies, PVs and PNVs. These agreements generate annual and deal exit related fees, some of which are paid currently and some of which are accrued and paid only on exit from particular investments. Unlike the value from portfolio equity interests and WCF financing which must flow through AIHL for Arcapita Bank to receive any value from its equity interest in AIHL, the value attributable to the Management Agreements and the Administration Agreements does not flow through AIHL, but rather flows indirectly to Arcapita Bank, through the non-Debtor Management Companies and AIML. Only the creditors of Arcapita Bank, not AIHL, have any claims to these proceeds.

Given the uncertainty and unpredictable timing of the payment of the fees under the Management Agreements, a potential buyer would most likely significantly

discount the amount it would be willing to pay to purchase the rights to these Management Fees. Additionally, in the context of a chapter 7 liquidation, the counterparties to certain or all of the Management Agreements may try to terminate the agreements. The Liquidation Analyses assume that the Management Agreements remain in place during the Sale Period; however, in the event of litigation surrounding the Management Agreements or the termination of the Management Agreements at some point after the conversion of the Debtors' cases to a hypothetical Chapter 7, the actual sales proceeds would be much less than the estimated amounts in the Liquidation Analyses.

The Liquidation Analyses also assume that, upon the conversion of the cases to proceedings under Chapter 7, the co-investors, where they have sufficient authority to do so, would replace the board of directors of each Syndication Company they control and would cancel the Administration Agreements. All amounts accrued under the Administration Agreements through the Conversion Date would remain owed to the appropriate Debtor and, assuming sufficient sales proceeds are available upon the sale of the operating company, would be paid upon the sale of the operating company. Given the uncertainty and unpredictable timing of payment of the fees under the Administration Agreements, the Liquidation Analyses assume a buyer would most likely significantly discount the amount it is willing to pay to purchase the rights to the fees payable under the Administration Agreements.

ii. Deal Company Expenses: Prior to the filing of the Chapter 11 Cases, Arcapita Bank frequently paid expenses, or incurred other obligations, on behalf of the portfolio companies or other Affiliates. For example, Arcapita Bank may receive an invoice from a professional directly for services performed for a Transaction Holdco, Syndication Company or PNV, and Arcapita Bank would pay that invoice. The expenses or other obligations paid by Arcapita Bank were, in turn, reflected as receivables due from the applicable company. These amounts are owed directly to Arcapita Bank and, as a general matter, would be paid upon an exit with respect to the operating portfolio company. Only the creditors of Arcapita Bank, not AIHL, have any claims to these proceeds. Given the uncertainty and unpredictable timing of repayment of the Deal Company Expenses, the Liquidation Analyses assume that a buyer would most likely significantly discount the price it is willing to pay for the Deal Company Expenses.

iii. Other: Includes insignificant amounts owed to the Debtors from third parties related to, among other things, overpayments to vendors. The Liquidation Analyses assume that the cost of trying to collect the Other Receivables exceeds the value of the recoveries and hence, no recoveries for Other Receivables are included in the Liquidation Analyses.

d. ***"Murabaha Investments"***: During its ownership of certain underlying operating portfolio companies, AIHL through affiliates formed for the purpose of providing working capital funding, loaned funds to certain operating companies at either the operating company or holding company level through Shari'ah compliant Murabaha loans ("WCF Loans"). These

WCF Loans do not provide for the periodic payment of interest and instead provide that a specific profit shall accrue and that an agreed profit rate is to be repaid upon a sale of the operating company or a refinancing of its capital structure. There is no guarantee that the Debtors will be paid in full, or at all, on account of the WCF Loans. In certain cases, the Debtors have taken reserves against the amount owed to account for the uncertainty of certain WCF Loans being repaid in full. Given the uncertainty and unpredictable timing of payment of the WCF Loans, a buyer would likely significantly discount the amount it is willing to pay to acquire the WCF Loans.

e. **"Equity Investments":** Certain of the Debtors hold equity interests in the operating portfolio companies. These equity interests are held as Short-Term Holdings, through AIHL, and as Long-Term Holdings, through LT Holdings (collectively the "Investments"). In most cases, the investments held by the respective Debtors are only a minority equity interest in a portfolio companies and do not include the right to force other equity investors to sell their equity interests at the same time or to vote to sell the assets of the operating company. In addition, the shareholder agreements at certain of the portfolio companies may restrict the Debtors' ability to sell their equity interests or may limit the type of buyer the Debtors may sell to.

In cases where the Debtors hold a controlling equity stake, they may still not have the ability to require other minority investors to sell their equity interest. Additionally, the board of directors of certain of the operating portfolio companies may not favor the quick sale of the Debtors' equity position as may be required in the context of a Chapter 7 and may not be willing to coordinate or facilitate a sale with the Chapter 7 trustee. Accordingly, in the context of a hypothetical Chapter 7, the Sale Period may not reflect the total time necessary to maximize the return on the Investments.

The estimated net proceeds contained in the Liquidation Analyses for the Investments reflect the following:

i. A forced liquidation of the Investments over the 12-month period contemplated in a hypothetical Chapter 7 would likely have an adverse impact on the Debtors' ultimate recoveries (relative to a non-distressed, orderly sale of the Investments as contemplated in the Plan) and would be impacted by the following factors, among others:

- *Potential Lack of Funding in the Market* – Potential buyers may not be able to obtain the requisite financing to purchase the Investments.

- *Potential Supply and Demand Imbalances* – Given the size of the Debtors' Investment portfolio, if offered for sale in its entirety, the market equilibrium in certain markets or geographies may be disturbed. The Investments available for sale may outweigh existing demand, inviting further discounts in order to attract buyers.

- *Inability to Offer Seller Representations or Warranties* – The liquidation of the Investments in the context of a Chapter 7 would impair the Debtors'

willingness or ability to offer representations and warranties as to the Investments. Additional discounts would likely be necessary to compensate buyers for the risk of not being able to secure certain guarantees or indemnities that would be customary in a non-liquidation setting.

- *Minority Interests* – As mentioned previously, in most Investments the Debtors only own a minority interest. The Debtors do not know whether any of the other investors in the Investments would be willing to sell their interests during the Sale Period and the Liquidation Analyses assume that only the Debtors' interest in the Investments is sold during the Sale Period. A buyer's willingness to acquire a minority stake will be dependent on a number of factors, including its view of current and future value, the potential timing of an ultimate sale of the underlying portfolio company, the buyer's ability to acquire additional equity shares from other investors and/or gain control of the portfolio company, and its assessment of controlling management and the anticipated relationship with the other existing investors.

- *Investment Size* – The absolute dollar value of certain of the Debtors' Investments is relatively small and may not attract significant interest from potential buyers or may require a higher discount than what is contemplated in the Liquidation Analyses to attract a buyer.

- *Potential Regulatory Restrictions* – Certain Investments may be subject to regulatory restrictions on the type of buyer or percentage of ownership that may be held by any one owner. Potential buyers may demand a further discount on any Investment subject to regulatory control or approval.

- *Change of Control Provisions* – Certain Investments contain change of control limitations that would likely be triggered in the event that a Chapter 7 trustee were to try and sell the Debtors' ownership interest.

- *Market Psychology* – In a Chapter 7 liquidation, potential buyers will be aware of the Chapter 7 trustee's desire to liquidate the Investments in a limited time for the best offer received - which is likely to be at a material discount to the inherent value of the Investment.

- *Maturity of the Underlying Investment Portfolio* – Certain of the investments are at an early stage of their respective business cycles and the ultimate success of their respective business plans is still unproven.

- *Potential Need for Future Funding* – As discussed above, the Debtors have provided WCF Loans to satisfy the ongoing funding needs of certain of the portfolio companies. Based on current estimates, the continued funding of certain of portfolio companies is likely to be required during and beyond the Sale Period. However, a buyer may significantly discount the amount it is

willing pay for the equity interests held by the Debtors in these Investments that require continued funding.

- *Other Considerations*: A liquidation of the Investments would likely entail significant involvement of third-party investment bankers, real estate brokers, and legal resources (including representation by local counsel). For the purpose of the Liquidation Analyses, the Debtors included fees for brokers and investment bankers and additional amounts to cover legal and other contingencies. Litigation and structural impediments (transfer consents, regulatory or environmental restrictions, rights of first refusal, etc.) may require that certain Investments be held beyond the Sale Period resulting in higher costs or greater discounts than are contemplated in the Liquidation Analyses

f. **Fixed Assets:** Includes vehicles, computer equipment and software, furniture and fixtures which are assumed to have minimal value in the context of a hypothetical Chapter 7.

g. **Other Assets:** Includes goodwill in select subsidiaries, deposits and other assets which are expected to have minimal value in the context of a hypothetical Chapter 7.

h. **Avoidance Actions:** Due to uncertainty and litigation risk, the Liquidation Analyses do not include any recoveries on account of Avoidance Actions (the creditor recovery percentages contained in the Plan also assume no recoveries on account of Avoidance Actions).

i. **Other Litigation:** The Liquidation Analyses do not include any amounts for recoveries on account of any other litigation that may exist.

3. Total Operating Expenses

a. **Employees:** Given the sophisticated and complex nature of the Debtors' assets, including the geographic dispersion of the Debtors' assets throughout the world, it is assumed that the Chapter 7 trustee would retain a significant number, if not all, of the Arcapita Group's current employees to assist in liquidating the Debtors' assets.

i. Investment Professionals: The Liquidation Analyses assume that a Chapter 7 trustee would retain the majority, if not all, of the Arcapita Group's investment professionals who have significant knowledge of the underlying Investments and operating portfolio companies but are primarily, if not entirely, employed by non-Debtor subsidiaries and affiliates (the "Deal Teams"). Given the institutional knowledge of the Deal Teams and the potential market for the expertise of the Deal Teams, it is assumed that in addition to their current baseline compensation levels, a Chapter 7 trustee would be required to pay a retention bonus or incentive payments to entice the Deal Teams to accept the Chapter 7 trustee's offer of employment.

There is no guarantee that a Chapter 7 trustee could reach an acceptable employment agreement with certain, or all, of the Deal Teams and a Chapter 7 trustee may have to offer the Deal Teams a retention bonus or incentive payments in excess of the amounts assumed in the Liquidation Analyses. If the Chapter 7

trustee is not able to secure the retention of certain key Deal Teams, among other things, the actual proceeds from the liquidation of the Debtors' assets could be materially less than the estimated amounts in the Liquidation Analyses and the costs to liquidate the Debtors' assets could be materially greater than the estimated amounts in the Liquidation Analyses.

ii. Other Employees: It is assumed that the Chapter 7 trustee would also retain a significant number of the Arcapita Group's non-Deal Team employees who have substantial working knowledge of the Debtors' systems and books and records. It is likely that several of these employees would be retained throughout the entire Chapter 7 liquidation. If the Chapter 7 trustee cannot successfully retain certain key employees, among other things, the actual proceeds from the liquidation of the Debtors' assets could be materially less than the estimated amounts in the Liquidation Analyses and the costs to liquidate the Debtors' assets could be materially greater than the estimated amounts in the Liquidation Analyses.

b. **G&A:** The Liquidation Analyses assume that in the context of a Chapter 7 that the Debtors' Estates would continue to incur significant ongoing operating costs, including the cost of maintaining the current operations at most, if not all, of the Arcapita Group's various locations throughout the world.

c. Deal Funding: Certain Investments are projected to require additional capital funding throughout the Sale Period ("Deal Funding") to support the estimated exit value. A total of $59.1 million of Deal Funding is projected throughout the Sale Period.

d. **Trustee Fees:** The Liquidation Analyses assume that the Chapter 7 trustee would be compensated in accordance with the guidelines of section 326 of the Bankruptcy Code.

e. **Professional Fees:** Due to the complex nature of the Debtors' cases and given that the Chapter 7 trustee and, to the extent applicable, the trustee's professionals, must familiarize themselves with, among other things, the Debtors, their Estates, their assets and the Claims asserted against them, the Liquidation Analyses assume that the Chapter 7 trustee would incur significant professional fees in the context of a Chapter 7 liquidation.

f. **Allocation of Costs:** The Liquidation Analyses assume that that all operating costs related to employees, G&A, and Professional Fees, as well as any additional costs to the Debtors' Estates not previously mentioned, such as debt servicing costs, are allocated to each of the Debtors based on the estimated utilization by each Debtor of the services or the benefit giving rise to such costs.

4. Estimated Recoveries

a. Amount of Allowed Claims: The liquidation and allowance of Claims is an uncertain process. Additionally, given the number of disputed, contingent and/or unliquidated Claims in the Debtors' cases, the Claims allowance process will likely take a great deal of time. Furthermore, the accelerated wind down timeline, the truncated period to liquidate the Debtors' assets and the substantial loss of an experienced workforce that could result from a conversion of the Debtors' cases to a Chapter 7, is likely to negatively impact the Claims reconciliation process - both in terms of timing and the ultimate amount of Allowed Claims. To date, no orders or findings have been entered by the Bankruptcy Court estimating or otherwise fixing the amount of the Debtors' Allowed Claims. The amount of Claims used in the Liquidation Analyses has been reduced to eliminate duplicate and superseded Claims. **The actual amount of Allowed Claims could vary materially from the estimated amounts contained in the Liquidation Analyses.**

b. **Additional Claims:** The liquidation of the Debtors' Assets by a Chapter 7 trustee will likely result in additional Claims relative to what is assumed in the Liquidation Analyses, including, but not limited to, Claims arising from the rejection of various executory contracts, unexpired leases, and pre-petition contracts that are either assumed or consensually modified under the Plan. However, due to the uncertainty as to which contracts or leases would ultimately be rejected and the determination of the amount of any rejection damages (if any) in the context of a hypothetical Chapter 7 liquidation, the Liquidation Analyses do not assume any incremental Claims (relative to the Plan) for any such potential additional Claims other than the following related to the HQ Lease in the context of a Chapter 7: (i) Approximately $48.0 million in additional General Unsecured Claims related to the assumed rejection of the HQ Lease; (ii) $10.4 million in additional General Unsecured Claims related to unpaid prepetition lease payments and (iii) approximately $48.0 million in additional Administrative Claims related to unpaid post-petition lease payments. If there were additional rejection Claims (relative to what is assumed in the Plan and the Liquidation Analyses) these additional Claims would further dilute the estimated creditor recoveries in the Liquidation Analyses.

ARCAPITA BANK B.S.C.(c) AND ITS AFFILIATED DEBTORS
Liquidation Analysis

Exhibit B: Liquidation Analysis

Liquidation Analysis for Arcapita Bank B.S.C.(c)
UNAUDITED
($ in Millions)

			Liquidation Analysis		
		Amount	Recovery Amount	Recovery %	Estimated Plan Recovery %
Cash and Equivalents		$ 2.3	$ 2.3	100.0%	
IPP Converted to Investments	(1)	13.5	9.5	70.1%	
Other Receivables	(2)	240.7	178.4	74.1%	
Fixed Assets		13.9	2.1	15.0%	
Other Assets		6.5	0.3	5.0%	
Total		**$ 277.0**	**$ 192.6**		
Intercompany Receivables	(3)	271.6	50.8	18.7%	
Gross Liquidation Proceeds Available for Distribution			**$ 243.4**		
DIP Facility Claims		15.5	15.5	100.0%	100.0%
Net Proceeds Available			**$ 227.9**		
Chapter 7 Liquidation Expenses					
Total Operating Expenses	(4)		16.5		
Trustee Fees			5.3		
Priority Tax Claims			0.8	100.0%	100.0%
Net Distributable Assets			**$ 205.2**		
Less: Contingency Reserve (10%)	(5)		20.5		
Net Distributable Assets After Contingency Reserve			**$ 184.7**		
Chapter 11 Administrative Expenses			52.4		
Class 1(a) - Other Priority Claims		0.2	0.2	100.0%	100.0%
Class 2(a) - SCB Claims		-	-	-	100.0%
Class 3(a) - Other Secured Claims		-	-	-	-
Class 4(a) - Syndicated Facility and Arcsukuk Claims	(6)	977.3	40.4	4.1%	67.6%
Class 5(a) - General Unsecured Claims		1,904.7	78.7	4.1%	7.7%
Class 7(a) - Intercompany Claims	(7)	316.6	13.1	4.1%	Nominal
Class 8(a) - Subordinated Claims		83.1	-	0.0%	TBD
Class 9(a) - Interests in Arcapita Bank B.S.C.(c)		-	-	-	-
Class 10(a) - Super-Subordinated Claims		-	-	-	-
Total Recoveries			**$ 184.7**		

Note: Numbers showing $0.0 represent amounts less than $50,000.

Arcapita Bank B.S.C.(c)
Notes to Liquidation Analysis

1. Represents receivables under the IPP/IIP.

2. Includes outstanding amounts owed directly to Arcapita Bank B.S.C.(c) from portfolio companies for accrued and unpaid management fees and for funds previously advanced by Arcapita Bank B.S.C.(c) on behalf of the portfolio company.

3. Includes amounts owed to Arcapita Bank B.S.C.(c) from other Debtors. The amount shown is net of $184.6 million owed by Arcapita Bank B.S.C.(c) to AIHL.

4. Total Operating Expenses Include the following:

Expense ***($ in millions)***	**Amount**
Payroll	$ 2.4
Incentive Compensation	2.8
General & Administrative	2.5
Professional Fees	7.7
Debt Service	3.1
Deal Fundings	-
Less: Management Fees & Other Receipts	(2.0)
Total Operating Expenses	**$ 16.5**

5. The contingency reserve is intended to serve as a buffer and reflects, among other things, the uncertainties inherent in: (i) implementing and managing the liquidation process (particularly a multi-country hypothetical liquidation such as the Debtors); (ii) uncertainty regarding the ability to consensually implement the Plan Settlements in the context of a hypothetical chapter 7; (iii) ability to quantify a variety of valuation related issues buyers would demand in the context of a hypothetical chapter 7 including, but not limited to, those discussed in paragraph 2.(e.)(i.) herein; (iv) quantifying and classifying unliquidated, contingent and/or disputed Claims; and (v) providing for disputed Claims to the extent the Debtors do not ultimately prevail in litigating them. Due to the uncertainty associated with the issues, the actual amount of the reduction in liquidation value related to these issues could be much greater than the estimated amounts shown herein for the Contingency Reserve.

6. Owed by Arcapita Bank B.S.C.(c) and guaranteed by AIHL. The recovery shown here is net of amounts recovered under the hypothetical Chapter 7 liquidation of AIHL.

7. Relates to amounts due to LT Holdings.

Exhibit B: Liquidation Analysis

Liquidation Analysis for Arcapita Investment Holdings Limited
UNAUDITED
($ in Millions)

		Amount	Liquidation Analysis: Recovery Amount	Liquidation Analysis: Recovery %	Estimated Plan Recovery %
Cash and Equivalents		$ 71.8	$ 71.8	100.0%	
Murabaha Investments	(1)	275.8	194.2	70.4%	
Equity Investments	(2)	285.0	166.1	58.3%	
Other Assets		0.2	0.0	5.0%	
Total		**$ 632.8**	**$ 432.1**		
Intercompany Receivables		-	-		
Equity Interests in Affiliates	(3)		73.6		
Gross Liquidation Proceeds Available for Distribution			**$ 505.7**		
DIP Facility Claims		62.2	62.2	100.0%	100.0%
Proceeds Available to Admin & Priority Claims			**$ 443.6**		
Chapter 7 Liquidation Expenses					
Total Operating Expenses	(4)		107.6		
Trustee Fees			9.8		
Priority Tax Claims			-	-	-
Net Distributable Assets			**$ 326.2**		
Less: Contingency Reserve (10%)	(5)		32.6		
Net Distributable Assets After Contingency Reserve			**$ 293.5**		
Chapter 11 Administrative Expenses			17.6		
Class 1(b) - Other Priority Claims		-	-	-	-
Class 2(b) - SCB Claims		-	-	-	100.0%
Class 3(b) - Other Secured Claims		-	-	-	-
Class 4(b) - Syndicated Facility and Arcsukuk Claims	(6)	1,202.4	225.1	18.7%	67.6%
Class 5(b) - General Unsecured Claims		0.1	0.0	18.7%	59.9%
Class 7(b) - Intercompany Claims	(7)	271.5	50.8	18.7%	Nominal
Class 9(b) - Intercompany Interests		-	-	-	-
Total Recoveries			**$ 293.5**		

Note: Numbers showing $0.0 represent amounts less than $50,000.

Arcapita Investment Holdings Limited
Notes to Liquidation Analysis

1. Includes equity interests in the various entities that provide the WCF Loans. The recovery amounts shown include profit from portfolio company loans that are expected to accrue subsequent to the Conversion Date and prior to the Sale Date.

2. Includes equity interests in the Syndication Companies.

3. Represents the net recovery from the liquidation of equity interests in a hypothetical Chapter 7 liquidation of LT Holdings.

4. Total Operating Expenses Include the following:

Expense ***($ in millions)***	**Amount**
Payroll	$ 9.7
Incentive Compensation	2.5
General & Administrative	10.0
Professional Fees	30.7
Debt Service	12.3
Deal Fundings	50.4
Less: Management Fees & Other Receipts	(7.9)
Total Operating Expenses	**$ 107.6**

5. The contingency reserve is intended to serve as a buffer and reflects, among other things, the uncertainties inherent in: (i) implementing and managing the liquidation process (particularly a multi-country hypothetical liquidation such as the Debtors); (ii) uncertainty regarding the ability to consensually implement the Plan Settlements in the context of a hypothetical chapter 7; (iii) ability to quantify a variety of valuation related issues buyers would demand in the context of a hypothetical chapter 7 including, but not limited to, those discussed in paragraph 2.(e.)(i.) herein; (iv) quantifying and classifying unliquidated, contingent and/or disputed Claims; and (v) providing for disputed Claims to the extent the Debtors do not ultimately prevail in litigating them. Due to the uncertainty associated with the issues, the actual amount of the reduction in liquidation value related to these issues could be much greater than the estimated amounts shown herein for the Contingency Reserve.

6. Owed by Arcapita Bank B.S.C.(c) and guaranteed by AIHL. In a liquidation, the net unrecoverable amount in a hypothetical Chapter 7 liquidation of AIHL is expected to result in an unsecured claim against Arcapita Bank B.S.C.(c) under a hypothetical liquidation of Arcapita Bank B.S.C.(c).

7. Relates to amounts due to Arcapita Bank B.S.C.(c) net of $184.6 million owed by Arcapita Bank B.S.C.(c) to AIHL.

Exhibit B: Liquidation Analysis

Liquidation Analysis for Arcapita LT Holdings Limited
UNAUDITED
($ in Millions)

			Liquidation Analysis		
		Amount	Recovery Amount	Recovery %	Estimated Plan Recovery %
Equity Investments	(1)	$ 124.1	$ 87.0	70.1%	
Intercompany Receivables	(2)	316.6	13.1	4.1%	
Equity Interests in Affiliates	(3)		-		
Gross Liquidation Proceeds Available for Distribution			**$ 100.1**		
DIP Facility Claims		-	-	-	-
Proceeds Available to Admin & Priority Claims			**$ 100.1**		
Chapter 7 Liquidation Expenses					
Total Operating Expenses	(4)		1.3		
Trustee Fees			2.6		
Priority Tax Claims		-	-	-	-
Net Distributable Assets			**$ 96.2**		
Less: Contingency Reserve (10%)	(5)		9.6		
Net Distributable Assets After Contingency Reserve			**$ 86.6**		
Chapter 11 Administrative Expenses		-	-		
Class 1(c) - Other Priority Claims		-	-	-	-
Class 2(c) - SCB Claims	(6)	12.9	12.9	100.0%	100.0%
Class 3(c) - Other Secured Claims		-	-	-	-
Class 5(c) - General Unsecured Claims		-	-	-	-
Class 7(c) - Intercompany Claims		-	-	-	-
Class 9(c) - Intercompany Interests	(7)	-	73.6	-	-
Total Recoveries			**$ 86.6**		

Note: Numbers showing $0.0 represent amounts less than $50,000.

Arcapita LT Holdings Limited
Notes to Liquidation Analysis

1. Includes investments in certain non-Debtor subsidiaries.

2. Represents amounts due from Arcapita Bank B.S.C.(c).

3. Represents the net recovery, if any, from the liquidation of equity interests in the hypothetical Chapter 7 liquidations of RailInvest Holdings Limited, AEID II Holdings Limited and WindTurbine Holdings Limited.

4. Total Operating Expenses Includes amounts allocated to ALTHL for incentive compensation related to sale proceeds received from the liquidation of the assets of ALTHL.

5. The contingency reserve is intended to serve as a buffer and reflects, among other things, the uncertainties inherent in: (i) implementing and managing the liquidation process (particularly a multi-country hypothetical liquidation such as the Debtors); (ii) uncertainty regarding the ability to consensually implement the Plan Settlements in the context of a hypothetical chapter 7; (iii) ability to quantify a variety of valuation related issues buyers would demand in the context of a hypothetical chapter 7 including, but not limited to, those discussed in paragraph 2.(e.)(i.) herein; (iv) quantifying and classifying unliquidated, contingent and/or disputed Claims; and (v) providing for disputed Claims to the extent the Debtors do not ultimately prevail in litigating them. Due to the uncertainty associated with the issues, the actual amount of the reduction in liquidation value related to these issues could be much greater than the estimated amounts shown herein for the Contingency Reserve.

6. In addition to guarantees from Arcapita Bank B.S.C.(c) and AIHL, SCB Claims are guaranteed by and have a first priority pledge of the equity in LT Holdings, RailInvest Holdings Limited, AEID II Holdings Limited and WindTurbine Holdings Limited. The Liquidation Analysis assumes that SCB Claims are to be satisfied first by any Net Distributable Assets After Contingency Reserve available under the hypothetical Chapter 7 liquidations of RailInvest Holdings Limited, AEID II Holdings Limited and WindTurbine Holdings (in the order of highest Net Distributable Assets to lowest) with any remaining amount recovered from the proceeds of the hypothetical Chapter 7 liquidation of LT Holdings.

7. Represents the net recovery from the liquidation available to equity interests held by AIHL.

Falcon Gas Storage Company, Inc.
Liquidation Analysis[1]

Pursuant to section 1129(a)(7) of the Bankruptcy Code (the "Best Interests Test"), each holder of an impaired Claim or equity Interest must either: (i) accept the Plan; or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such non-accepting Holder would receive or retain if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

In determining whether the Best Interests Test has been met, the first step is to determine the projected recovery that each Class of creditors would receive in a hypothetical liquidation of the assets of Falcon Gas Storage Company, Inc. (the "Debtor" or "Falcon") in a chapter 7 proceeding. The gross amount of Cash available would be the sum of the proceeds from the disposition of Falcon's assets and the Cash held by Falcon at the commencement of its hypothetical chapter 7 case. The gross amount of Cash would be reduced by the costs and expenses of the liquidation (including costs of litigation), the amount attributable to collateral pledged to a claimant on account of an allowed Secured Claim and/or super-priority secured claim arising post-petition, and the amounts necessary to satisfy, among other things, chapter 11 Administrative Expense Claims and Priority Tax Claims. Any remaining Cash would be available for distribution to Holders of Allowed General Unsecured Claims and Equity Interest Holders in accordance with the distribution hierarchy established by section 726 of the Bankruptcy Code and subject to subordination under section 510 of the Bankruptcy Code.

Falcon's liquidation analysis (the "Falcon Liquidation Analysis") reflects management's projection of the proceeds that may be realized by the Falcon Estate and the potential recoveries that may be realized by the Holders of Allowed Claims if the assets of Falcon were liquidated and the proceeds distributed in accordance with chapter 7 of the Bankruptcy Code ("Chapter 7").

A number of projections, estimates and assumptions underlie the Falcon Liquidation Analysis that, although developed and considered to be reasonable, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of management, and that are based upon present assumptions as to liquidation decisions which could change based upon a change in circumstances. Accordingly, there can be no assurance that the values and the costs reflected in the Falcon Liquidation Analysis will be realized if Falcon were, in fact, to undergo a liquidation under chapter 7.

The Falcon Liquidation Analysis may be helpful to holders of Claims entitled to vote in reaching a determination of whether to vote to accept or reject the Plan. Holders of Claims entitled to vote are encouraged to compare the estimated recovery shown in the Falcon Liquidation Analysis to those estimated under the Plan as detailed in the Disclosure Statement.

[1] Unless separately defined herein, all capitalized terms have the meanings ascribed to them in the *Joint Plan of Reorganization of Arcapita Bank B.S.C. (c) and Related Debtors Under Chapter 11 of the Bankruptcy Code, dated March 28, 2013* (the "Plan") or the *Disclosure Statement in Support of the Joint Plan of Reorganization of Arcapita Bank B.S.C. (c) and Related Debtors Under Chapter 11 of the Bankruptcy Code, dated March 28, 2013* (the "Disclosure Statement").

The Falcon Liquidation Analysis should be read in conjunction with the following notes and assumptions.

Assumptions:
For the purpose of the Falcon Liquidation Analysis, Falcon considered many factors and made certain assumptions. Those assumptions that Falcon considers significant are described below.

1. General

a. **Conversion:** The Chapter 11 case is converted to a hypothetical Chapter 7 proceeding on May 31, 2013 (the "Conversion Date").

b. **Standard Chartered Bank 9019 Order:** Pursuant to the Order of the Bankruptcy Court authorizing and approving the Settlement of certain issues ("9019 Order") with secured creditor Standard Chartered Bank ("SCB"), upon the conversion of the Chapter 11 case of any Debtor, including Falcon, to a Chapter 7 proceeding, SCB may (a) file a notice that a "termination event" (as defined in the 9019 Order) has occurred and (b) after the required notice period, SCB may pursue remedies under its pre-petition finance and security documentation between certain of the Debtors and SCB.

2. Assets

a. **Cash**: Unless otherwise noted, Cash is based on unrestricted Cash balances.

b. "**Receivables":** The Company currently has approximately $2.3 million in outstanding receivables, consisting of (i) $1.9 million due from non-Debtor Affiliates related to services provided and amounts advanced to those entities prior to the Petition Date, and (ii) an anticipated net tax refund of approximately $0.4 million. The Falcon Liquidation Analysis assumes that 100% of the outstanding receivables are ultimately recovered.

c. **"Escrow Receivables":** As discussed in section V.H. of the Disclosure Statement, on March 15, 2010, Falcon entered into a purchase agreement (the ***"NorTex Purchase Agreement"***) to sell 100% of its LLC membership interests in NorTex (the "***NorTex Sale***") to Tide Natural Gas Storage I, LP and Tide Natural Gas Storage II, LP (together, "***Tide***") for $515 million. Prior to closing the NorTex Sale, the Hopper Parties filed actions in state court in Texas against Tide, Falcon, certain of its directors and NorTex, seeking damages and to enjoin the NorTex Sale to Tide alleging that Falcon's board of directors had breached their fiduciary duties by agreeing to a sales price for the NorTex membership interests purportedly below fair value.

The Texas courts refused to enjoin the NorTex Sale; however, as a result of the pending Hopper Litigation and as a condition to closing imposed by Tide, Falcon agreed to amend the NorTex Purchase Agreement to (1) indemnify Tide for any liability Tide might suffer as a result of the Hopper Litigation, and (2) place approximately $70 million of the total sales proceeds from the NorTex Sale in escrow (the "***Escrowed Money***") with HSBC Bank USA, National Association ("***HSBC***") to be available to satisfy those specific indemnification obligations.

Accordingly, the $70 million shown in the Falcon Liquidation Analysis for "Escrow Receivables" is the same as the Escrowed Money discussed in the Disclosure Statement and the paragraph above.

d. **"Intercompany Receivables":** Represents a $15.2 million pre-petition General Unsecured Claim held by Falcon against Arcapita Bank B.S.C.(c). The estimated liquidation recovery for this asset reflects the estimated Class 5(a) General Unsecured Claims recovery in the Arcapita Bank B.S.C.(c) liquidation analysis.

The estimated net proceeds contained in the Falcon Liquidation Analysis reflect the following:

a. **Litigation Uncertainty:** Falcon is a party to litigation proceedings including, but not limited to, the Hopper Adversary Proceeding, the District Court Action, and the stayed Thronson Litigation (collectively, the "Falcon Related Litigation"). The Hopper Adversary Proceeding and the District Court Action involve various claims against the Escrowed Money.

While Falcon believes that it holds valid defenses to the claims made in the Falcon Related Litigation, there is no guarantee that the litigation will be resolved in Falcon's favor. The ultimate resolution of the Falcon Related Litigation is subject to a number of factors that are outside the control of Falcon and, therefore, it is difficult, if not impossible, under either the Plan or the Falcon Liquidation Analysis, to estimate with any degree of certainty the ultimate outcome of any of the Falcon Related Litigation. However, it is assumed that a Chapter 7 trustee would take the same steps to defend the District Court Action as contemplated under the Plan. Therefore, the inability to predict the outcome of the District Court Action or other litigation, and hence the projected recovery, is the same in a liquidation of Falcon under Chapter 7 as compared to the terms of the Plan.

Accordingly, both the Falcon Liquidation Analysis and the Plan assume the following:

i. All available Cash in the Falcon Estate (excluding the Escrowed Money) is spent on administrative expenses, defending the Falcon Related Litigation, or satisfying the Priority Tax Claims and Allowed Secured Claims of Falcon.
ii. Since the merits and projected outcome of the District Court Action are the same in a Chapter 7 liquidation and under the terms of the Plan, both the Plan and the Falcon Liquidation Analysis assume that the Tide claimants prevail in the District Court Action and the Escrowed Money is found not to be property of the Falcon Estate.

Assumptions i. and ii. above were used in both the Falcon Liquidation Analysis and the Plan solely for the purpose of analyzing the Best Interests Test and feasibility under the Plan. Assumptions i. and ii. above were **not** the result of an analysis of the merits, defenses or the value of any aspect or component of the Falcon Related Litigation, but rather the application of consistent and conservative assumptions across both the Plan and the Falcon Liquidation Analysis. Due to the uncertainties associated with the Falcon Related Litigation discussed above, a consistent approach to the analysis of feasibility and the Best Interests Test was taken whereby it was assumed, for analytical purposes only, in both the Plan and the Falcon

Liquidation Analysis that there would be no recovery to the Arcapita Group from the ultimate resolution of the Falcon Related Litigation.

While the actual recovery to the Arcapita Group could be materially greater than the zero recovery assumed in both the Plan and the Falcon Liquidation Analysis, any such recovery to the Arcapita Group would likely be less in the context of a hypothetical Chapter 7 (relative to the ultimate recovery in the context of the Plan) due to, among other things, Chapter 7 trustee fees and the potential in a hypothetical Chapter 7 for higher employee costs and professional fees relative to what is assumed in the Plan. The day-to-day activities of the Falcon Estate are currently being managed by employees of Arcapita, Inc. and Arcapita, Ltd. (the "Falcon Deal Team") and under the Plan, the costs and expenses of the Falcon Deal Team are paid by Reorganized Arcapita. In the context of a hypothetical Chapter 7, the Falcon Liquidation Analysis assumes that the cost of the Falcon Deal Team is instead paid for by the Falcon Estate.

In the context of a hypothetical Chapter 7, there is no guarantee that the Chapter 7 Trustee could retain the Falcon Deal Team at the same cost assumed in the Plan, if at all. Therefore, a Chapter 7 trustee may be required to obtain third party management services because Falcon does not have any stand-alone employees to manage the ongoing litigation.

Accordingly, in the context of a hypothetical Chapter 7, the employee costs and/or professional fees would likely be higher than the amounts assumed in the Plan – either directly in that the Chapter 7 trustee would have to pay more for the Falcon Deal Team than what is assumed in the Plan or, in the event the Chapter 7 trustee is unable to retain the Falcon Deal Team, through the higher professional fees of more costly professionals who lack the institutional knowledge to perform the necessary services.

Nothing contained in the Falcon Liquidation Analysis (including without limitation assumptions i. and ii. above) should be interpreted in any manner as a waiver of any of the Debtor's or the Arcapita Group's rights, defenses or arguments in the Falcon Related Litigation or any other matter or an opinion on the merits or expected outcome of the District Court Action.

Assumptions i. and ii. above result in the same recovery to all Classes of Falcon related Claims in both the Plan and the Falcon Liquidation Analysis and, therefore, the Best Interests Test is met.

3. Estimated Recoveries

a. Amount of Allowed Claims: The liquidation and allowance of Claims is an uncertain process. Additionally, given the number of disputed, contingent and/or unliquidated Claims in the Debtor's case, the Claims allowance process will likely take a great deal of time. Furthermore, the accelerated wind down timeline, the truncated period to liquidate the Debtor's assets and the substantial loss of an experienced workforce that could result from a conversion of the Debtor's case to a Chapter 7, is likely to negatively impact the Claims reconciliation process - both in terms of timing and the ultimate amount of Allowed Claims.

To date, no orders or findings have been entered by the Bankruptcy Court estimating or otherwise fixing the amount of the Debtor's Allowed Claims. The amount of Claims used in the Falcon Liquidation Analysis has been reduced to eliminate duplicate and superseded Claims. **The actual amount of Allowed Claims could vary materially from the estimated amounts contained in the Falcon Liquidation Analysis.**

Liquidation Analysis for Falcon Gas Storage Company, Inc.
UNAUDITED
($ in Millions)

	Amount	Liquidation Analysis: Recovery Amount	Liquidation Analysis: Recovery %	Estimated Plan Recovery %
Cash	$ 4.4	$ 4.4	100.0%	
Receivables	2.3	2.3	100.0%	
Escrow Receivables	70.0	-	0.0%	
Total	**$ 76.7**	**$ 6.7**		
Intercompany Receivables	15.2	0.6	4.1%	
Equity Interests in Affiliates	-	-	-	
Gross Liquidation Proceeds Available for Distribution		**$ 7.3**		
Chapter 7 Liquidation Expenses				
Total Operating Expenses		5.7		
Trustee Fees		-		
Priority Tax Claims		0.0	100.0%	100.0%
Net Distributable Assets		**$ 1.6**		
Chapter 11 Administrative Expenses		1.6		
Class 1(g) - Other Priority Claims	-	-	-	-
Class 3(g) - Other Secured Claims	0.0	-	0.0%	100.0%
Class 5(g) - General Unsecured Claims	7.5	-	0.0%	TBD
Class 7(g) - Intercompany Claims	-	-	-	TBD
Class 8(g) - Subordinated Claims	1.7	-	0.0%	TBD
Class 9(g) - Intercompany Interests	-	-	-	-
Class 10(g) - Super-Subordinated Claims	120.0	-	0.0%	0.0%
Total Recoveries		**$ 1.6**		

Note: Numbers showing $0.0 represent amounts less than $50,000.

EXHIBIT C
PROJECTIONS

PROJECTIONS

1. Responsibility for and Purpose of the Projections

In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies the feasibility standard set forth in section 1129(a)(11) of the Bankruptcy Code, the Debtors analyzed their ability, as Reorganized, to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. Accordingly, management developed a business plan and prepared financial projections (the "***Projections***") for the period from June 1, 2013 through June 30, 2018 (the "***Projection Period***"). Capitalized terms that are not defined herein shall have the meanings ascribed to them in the Plan or Disclosure Statement.

The Debtors do not, as a matter of course, publish their business plans or strategies, projections or anticipated financial position. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to Holders of Claims or other parties in interest after the Confirmation Date or otherwise make such information public, except to the extent required to comply with the provisions of the New Murabaha Facilities, the Sukuk Facility, the New Arcapita Shares and the requirements of any applicable regulatory body, including but not limited to the Central Bank of Bahrain.

In connection with the planning and development of the Plan, the Projections were prepared by the Debtors to present the anticipated impact of the Plan. The Projections assume that the Plan will be implemented in accordance with its stated terms. The Projections are based on forecasts of key economic variables and may be significantly impacted by, among other factors, changes in the competitive environment, regulatory changes and/or a variety of other factors, including the risk factors listed in the Plan and the Disclosure Statement. Accordingly, the estimates and assumptions underlying the Projections are inherently uncertain and are subject to significant business, economic and competitive uncertainties. Therefore, such Projections, estimates and assumptions are not necessarily indicative of current values or future performance, which may be significantly less or more favorable than set forth herein. The Projections included herein were prepared as of the date of the Disclosure Statement. Management is unaware of any circumstances as of the date of this Disclosure Statement that would require the re-forecasting of the Projections due to a material change in the Debtors' prospects.

Below are the unaudited projected consolidated Statement of Cash Flows, Balance Sheet and Income Statement for the time period June 1, 2013 through June 30, 2018. The Projections should be read in conjunction with the significant assumptions, qualifications and notes set forth below.

THE PROJECTIONS ARE FORWARD LOOKING AND ARE SUBJECT TO THE DISCLAIMER AND LIMITATIONS SET FORTH AT PAGES I - V AND IN SECTIONS XVII.B.2 AND XVIII.E OF THE DISCLOSURE STATEMENT. THE PROJECTIONS WERE NOT PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OR INTERNATIONAL FINANCIAL REPORTING STANDARDS OR TO COMPLY WITH THE RULES AND REGULATIONS OF THE

SEC OR ANY FOREIGN REGULATORY AUTHORITY. THE PROJECTIONS HAVE NOT BEEN AUDITED, REVIEWED, OR COMPILED BY THE DEBTORS' INDEPENDENT PUBLIC ACCOUNTANTS, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE AS TO SUCH INFORMATION OR ITS ACHIEVABILITY.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTORS PREPARED THESE PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR DISCLOSURE STATEMENT, THE DEBTORS AND REORGANIZED DEBTORS, AS APPLICABLE, DO NOT INTEND, AND UNDERTAKE NO OBLIGATION, TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THE DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

2. General Assumptions Underlying Projections

a. *Methodology*.

The Projections were created based upon input from the investment teams and other operating personnel (including Human Resources, Financial Control, and certain other corporate functions) of the Arcapita Group according to each group's area of expertise and were prepared in conjunction with the Debtors' financial advisors. Each investment was evaluated individually to determine the expected divestment timing and the resulting proceeds to the Reorganized Arcapita Group as determined by a discrete waterfall analysis for each investment. The Projections were reviewed and modified by the Debtors' senior management team in conjunction

with the Debtors' financial advisors and approved by the board of directors of each Debtor as a component of the Plan and Disclosure Statement.

b. *Projection Period and Fiscal Year*.

The Projections encompass a time period from June 1, 2013 through June 30, 2018 and are stated on a July 1 to June 30 fiscal year basis.

c. *Plan Consummation.*

The Projections assume that the Effective Date of the Plan will be May 31, 2013.

d. *Macroeconomic and Industry Environment.*

The Projections reflect a stable economic environment and a relatively flat interest rate environment over the Projection Period.

e. *Exchange Rates.*

The following exchange rates were utilized to convert local currencies to U.S. dollars:

BHD 2.6267

EUR 1.3369

GBP 1.6106

INR 0.0112

JPY 0.0125

SGD 0.8154

3. Reorganized Arcapita Group – Consolidated Statement of Cash Flows (Unaudited)

USD millions	Month ending Jun-13	Year ending Jun-14 FY '13	Jun-15 FY '14	Jun-16 FY '15	Jun-17 FY '16	Jun-18 FY '17
Beginning cash balance	**123.8**	**54.0**	**33.0**	**33.4**	**21.8**	**20.0**
Proceeds from disposals	24.4	458.0	451.8	476.2	51.2	27.1
Deal funding	(35.0)	(33.8)	(5.7)	(2.8)	-	-
Total investment cashflows	**(10.6)**	**424.2**	**446.1**	**473.3**	**51.2**	**27.1**
Recurring income	0.8	10.9	9.4	14.6	-	-
Operating expenses	(7.4)	(20.3)	(25.1)	(29.6)	(8.8)	(2.5)
Total operating cash flows	**(6.6)**	**(9.4)**	**(15.8)**	**(15.0)**	**(8.8)**	**(2.5)**
Pre-financing cash flow	**(17.2)**	**414.7**	**430.3**	**458.4**	**42.3**	**24.6**
Restructuring fees and other expenses	(5.4)	(7.9)	(3.3)	(2.6)	(1.6)	(0.8)
Financing costs	(1.5)	(11.5)	(1.3)	-	-	-
Net cash flow post financing	**(24.2)**	**395.4**	**425.7**	**455.8**	**40.7**	**23.8**
Cash sweep	(45.6)	(416.4)	(425.4)	(467.4)	(42.6)	(43.8)
Net cash flow post sweep	**(69.8)**	**(21.0)**	**0.3**	**(11.5)**	**(1.8)**	**(20.0)**
Ending cash balance	**54.0**	**33.0**	**33.4**	**21.8**	**20.0**	**0.0**

a. *Proceeds from disposals.*

Proceeds from disposals include proceeds from investment exits. These proceeds are derived from assessments of each investment carried out by the Arcapita Group employees responsible for managing these investments as well as the Debtors' financial advisors. Total proceeds from investment exits are projected to be approximately $1.3 billion (net of repayment of the Repurchase Price to QIB).

b. *Deal funding.*

The Reorganized Arcapita Group is entitled, but not required, to provide its pro rata share of any working capital funding that may be required by any of the Investments. The Projections anticipate that the Reorganized Arcapita Group will fund 100% of required deal funding costs of approximately $77.4 million into various investments prior to exiting them in order to protect or enhance the value of the Reorganized Arcapita Group's stake. Since all of these deal fundings are expected to be made in the form of new Murabaha financings from WCFs to the Intermediate Holdcos and/or Transaction Holdcos for each affected investment, the Reorganized Arcapita Group expects to recover all of these deal fundings at the time of investment exit.

c. *Recurring income.*

Recurring income consists of cash management fees and other miscellaneous receipts. Cash-pay management fees are projected to be approximately $25 million over the Projection Period and are derived from six investments. Any earned and collectible management fees that are not paid in cash will be reflected in the "Proceeds from disposals" line item and collected upon the sale of the associated investment. Other miscellaneous receipts include administration fees of approximately $1 million derived from one investment and a related one-time performance fee of $10 million.

d. *Operating expenses.*

Operating expenses are comprised of three components: (i) management fees paid by the Reorganized Arcapita Group to a third-party asset manager, AIM Group Limited ("***AIM***"); (ii) incentive compensation paid to AIM; and (iii) other expenses paid directly by Reorganized Arcapita Group for personnel, services or other items which are not covered by the Management Services Agreement between Reorganized Arcapita Group and AIM.

- Management fees paid to AIM include (i) guaranteed fees of $20 million in aggregate during the initial period between the emergence date and December 2014 (the "***Initial Period***"), and (ii) contingent management fees of approximately $15.6 million based upon achievement of certain performance metrics during the same period. The specific services to be provided by AIM are articulated in Exhibit L to the Disclosure Statement. After the Initial Period, management fees will be calculated as 2% of assets under management ("***AUM***"), measured and paid on a quarterly basis. In aggregate the management fees paid subsequent to the Initial Period are estimated to be $14.1 million.
- Incentive compensation paid to AIM is estimated to be approximately $33.3 million and is earned only if investment disposition proceeds exceed their current appraised value, plus a capital charge to yield a 10% annual internal rate of return ("***IRR***"). The incentive compensation amount will equal 10% of the amount by which investment sale proceeds exceed the sum of the current appraised value and the capital charge. Seventy five percent (75%) of such incentive compensation will be paid currently as investment dispositions occur and the remaining balance will be paid once an IRR of 10% is achieved for all investments on an aggregate basis after all investment dispositions are completed.
- Certain other operating expenses are anticipated for items which are not covered by the Management Services Agreement between the Reorganized Arcapita Group and AIM. Broadly, those expenses include: (i) compensation and out-of-pocket expenses for the board of directors of the Reorganized Arcapita Group and the various Disposition Committee members; (ii) Central Bank of Bahrain regulatory fees and related expenses; (iii) Directors & Officers liability insurance and other insurance; (iv) fees for external audits of the books and records of the Reorganized Arcapita Group; (v) licensing and other fees and expenses to maintain existing corporate legal structures in the Cayman Islands and various other jurisdictions; and (vi) miscellaneous other operating costs.

e. *Restructuring fees and other expenses*.

Restructuring fees and other expenses primarily include: (i) legal and professional fees and other associated expenses related to exited deal expenses in connection with funding of transaction costs for the sale of entities without sufficient cash, dissolving legal entities, financing

transactions, general corporate matters, litigation and addressing miscellaneous legal issues; (ii) separation payments of approximately $4.4 million for terminated employees; and (iii) various potential other costs and expenses associated with implementation of the plan items. A portion of these expenses may be recouped when the investment dispositions occur.

f. *Financing costs.*

Financing costs include profit on post-petition financing, including the Exit Facility, New SCB Facility and the Sukuk Facility.

4. Reorganized Arcapita Group – Projected Consolidated Balance Sheet (Unaudited)

	Month ending		Year ending				
	May-13	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
USD millions			FY '13	FY '14	FY '15	FY '16	FY '17
Cash and equivalents	123.8	54.0	33.0	33.4	21.8	20.0	0.0
IPP / IIP converted to investments	13.5	13.5	12.0	1.0	1.0	0.5	0.0
Murabaha financing	294.9	278.8	326.6	260.8	17.5	0.0	0.0
Other receivables	240.7	275.5	191.6	135.1	13.7	6.5	0.0
Equity investments	509.8	509.8	221.3	62.1	34.2	19.5	0.0
Fixed assets	13.9	13.9	13.9	13.9	13.9	13.9	13.9
Other assets	6.7	6.7	0.7	0.7	0.7	0.7	0.7
Total assets	**1,203.3**	**1,152.2**	**799.3**	**507.0**	**102.9**	**61.1**	**14.8**
Post-petition facilities							
Exit financing	215.0	171.2	-	-	-	-	-
SCB facility	86.7	86.7	46.5	-	-	-	-
QIB Lusail financing	196.5	196.5	-	-	-	-	-
Sukuk facility	550.0	550.0	550.0	293.9	-	-	-
Total accrued profit	-	5.5	71.5	-	-	-	-
Total liabilities	**1,048.2**	**1,009.9**	**668.0**	**293.9**	**-**	**-**	**-**
New Arcapita Class A Shares	810.0	810.0	810.0	810.0	656.3	613.8	569.9
Ordinary S / H equity	(654.9)	(667.7)	(678.7)	(596.9)	(553.4)	(552.6)	(555.2)
Total equity	**155.1**	**142.3**	**131.3**	**213.1**	**102.9**	**61.1**	**14.8**
Total liabilities and equity	**1,203.3**	**1,152.2**	**799.3**	**507.0**	**102.9**	**61.1**	**14.8**

a. *IPP/IIP converted to investments.*

The Investment Participation Program ("***IPP***") and Investment Incentive Program (the "***IIP***," and together with the IPP, "***IPP/IIP***") were designed to provide certain management level employees the opportunity to co-invest with the Arcapita Group in portfolio companies and obtain shares using the proceeds of loans from the Arcapita Group which are repaid over time from future employee bonus payments (with respect to the IPP) or through deferred compensation (with respect to the IIP). Pursuant to the Global Settlement, all Employees who participate in the IPP or the IIP would have the option of exchanging their "unpaid" Investment Shares for cancellation of their outstanding loan obligation (with respect to the IPP) or CLRA obligation (with respect to the IIP), provided that such Employees, if terminated, also agreed to forgo their statutory and contractual rights to notice and severance payments in return for a combined notice and severance payment capped at four months of notice and severance pay. IPP/IIP converted to investments represents the value of the "unpaid" Investment Shares that is

expected to be returned by employees to the Reorganized Arcapita Group as part of the Global Settlement.

b. *Murabaha investments.*

Murabaha financings include investments made by the Debtors indirectly, through WCFs owned by AIHL, to the direct or indirect parents of portfolio companies which comprise the Debtors' Short-Term Holdings and Long-Term Holdings. These investments are owed to the WCFs that were formed solely to fund these working capital facilities for the benefit of the portfolio companies. The Reorganized Arcapita Group will receive repayments of its Murabaha investments at the time of each portfolio company monetization.

c. *Other receivables.*

Other Receivables include accrued management fees and other miscellaneous receivable amounts due from Transaction Holdcos, Syndication Companies, PNVs and/or other intermediary holding companies of acquired portfolio companies (and in certain occasions, the portfolio companies themselves). Prior to the filing of the Chapter 11 Cases, Arcapita Bank frequently paid expenses of or incurred other obligations on behalf of these companies. For example, Arcapita Bank would receive an invoice from a professional for services performed for a Transaction Holdco, Syndication Company or PNV, and would pay that invoice. The expenses or other obligations that were paid by Arcapita Bank were, in turn, reflected as receivables due from the applicable company. These amounts are owed directly to Arcapita Bank and, as a general matter, would be paid at the time of each portfolio company monetization.

d. *Equity investments.*

Equity investments include the Reorganized Arcapita Group's indirect equity interests in the operating portfolio companies. These equity interests are held as Short-Term Holdings, through AIHL, and as Long-Term Holdings, through LT Holdings.

e. *Fixed assets and other assets.*

Fixed assets comprise furniture, phones, software, motor vehicles and other miscellaneous equipment. Other assets consist primarily of goodwill from the acquisition of one investment as well as miscellaneous other assets. The $13.9 million of fixed assets and $0.7 million of other assets represent book values, and no monetization proceeds are expected from these assets.

f. *Post-petition facilities.*

Post-petition facilities include the following debt and equity facilities:

- Exit Facility: the Projections assume that Certain Reorganized Debtors (other than Falcon), certain New Holding Companies and/or certain other members of the Arcapita

Group will enter into an Exit Facility with a cost price of approximately $215 million to $225 million, the proceeds of which will be used to pay in full the Claims arising from the DIP Facility, to provide working capital and, potentially, to effectuate a take-out of the SCB Facility.[1] The principal terms of the Exit Facility are set forth in the Exit Facility Term Sheet annexed to the Disclosure Statement.

- New SCB Facility: The Projections assume that certain of the New Holding Companies and/or certain of the Reorganized Debtors (other than Falcon) will enter into the New SCB Facility that will replace the existing SCB Facility at emergence. The principal terms of the New SCB Facility are set forth in the SCB Term Sheet annexed to the Disclosure Statement.

- QIB Lusail Financing: The Projections assume that the Reorganized Arcapita Group will exercise its Option to repurchase the JV Shares from QIB. The QIB Lusail financing represents the $196.5 million of obligations that will be due to QIB upon the exercise of the Option (plus the $20 million Call Premium and certain Shari'ah compliance costs that are deducted from Lusail exit proceeds). This obligation is projected to be satisfied at the time of the sale of the Lusail Joint Venture.

- Sukuk Facility: As part of its reorganization, the Reorganized Arcapita Group will be issuing a new Mudaraba sukuk facility, with a cost price of up to $550 million, at emergence to certain of its prepetition creditors. This facility will rank junior in terms of distributions to the Exit Facility and the New SCB Facility and will carry a profit rate of 12.0% per annum.

- New Arcapita Class A Shares: As part of its reorganization, New Arcapita Topco will be issuing senior preference shares with a liquidation preference of $810 million at emergence to certain of its prepetition Creditors. The New Arcapita Class A Shares will not carry any profit rate and will be redeemed only after the Exit Facility, the New SCB Facility and the Sukuk Facility have been fully paid off.

[1]The Exit Facility may be upsized to a cost price of approximately $300 million to $315 million, if and to the extent necessary, to fund a take-out of the SCB Facility. The impact of any such take-out, if it occurs, will be set forth in the final Projections filed with the Plan Supplement.

5. Reorganized Arcapita Group – Projected Consolidated Income Statement (Unaudited)

	Month ending	Year ending				
	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
USD millions		FY '13	FY '14	FY '15	FY '16	FY '17
Recurring income	9.6	114.2	97.3	72.0	3.2	0.7
Capital gains / (losses)	-	30.4	67.6	48.9	8.0	-
Operating income	**9.6**	**144.6**	**165.0**	**121.0**	**11.2**	**0.7**
Total financing costs	(8.8)	(85.9)	(52.7)	(19.7)	-	-
Net operating income	**0.8**	**58.7**	**112.3**	**101.2**	**11.2**	**0.7**
Operating expenses	(7.4)	(20.3)	(25.1)	(29.6)	(8.8)	(2.5)
Net income before provisions, financing and restructuring fees	**(6.6)**	**38.4**	**87.2**	**71.6**	**2.4**	**(1.8)**
Provisions	(0.8)	(41.5)	(2.1)	(25.6)	0.0	0.0
Restructuring fees and other expenses	(5.4)	(7.9)	(3.3)	(2.6)	(1.6)	(0.8)
Dividend to Class A Preferred holders	-	-	-	(153.7)	(42.6)	(43.8)
Net income	**(12.8)**	**(11.0)**	**81.8**	**(110.2)**	**(41.8)**	**(46.4)**

a. *Recurring income.*

Differing from recurring income on the consolidated statement of cash flows, the recurring income included in the consolidated income statement comprises cash management fees and other miscellaneous receipts, as well as non-cash accruals of management fees and Murabaha profits.

b. *Capital gains / (losses).*

Upon emergence, equity investments are projected to be written up or down on the balance sheet to equity value implied by the "exit" midpoint enterprise value calculated by KPMG or the Debtors (as applicable) for each of the Arcapita Group's portfolio companies in instances where equity value implied by the "exit" midpoint enterprise value is greater than equity value implied by the "current" midpoint enterprise value. Upon exit, in cases where exit proceeds from equity stakes exceed the equity value on the balance sheet, a capital gain is recognized. A loss is recognized when exit proceeds from equity stakes are less than the equity value on the balance sheet.

c. *Provisions.*

Provisions occur when the value on the balance sheet for accrued pre- and post-petition Murabaha investments, management and administration fee receivables and other receivables exceed or are less than the exit cash proceeds from respective assets, necessitating a recognition of a reserve on assets or an extraordinary gain, respectively, on the consolidated income statement. For the purposes of the summary consolidated income statement shown, provisions shown are on a net basis, including recognition of both reserves and extraordinary gains.

EXHIBIT D
EQUITY TERM SHEET

THIS TERM SHEET DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS AS TO ANY CHAPTER 11 PLAN, IT BEING UNDERSTOOD THAT SUCH AN OFFER OR SOLICITATION, IF ANY, WILL ONLY BE MADE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF SECURITIES AND BANKRUPTCY LAWS. THIS TERM SHEET DOES NOT ADDRESS ALL MATERIAL TERMS THAT WOULD BE REQUIRED IN CONNECTION WITH THE PLAN (AS DEFINED HEREIN) AND IS SUBJECT TO THE COMPLETION AND EXECUTION OF DEFINITIVE DOCUMENTATION. THIS TERM SHEET HAS BEEN PRODUCED FOR DISCUSSION AND SETTLEMENT PURPOSES ONLY AND IS SUBJECT TO THE PROVISIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER SIMILAR APPLICABLE STATE AND FEDERAL RULES.

EQUITY TERM SHEET
ARCAPITA GROUP

PARTIES			
Debtors	Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and Falcon Gas Storage Company, Inc.		
New Arcapita Topco	New Arcapita Topco, as the issuer of the New Arcapita Shares and the New Arcapita Warrants, as provided in the Plan and in the Implementation Memorandum.		
Shareholders	The holders of the New Arcapita Class A Shares and the New Arcapita Ordinary Shares (each as defined below and, collectively, the "**New Arcapita Shares**") issued pursuant to the Plan.		
DEFINITIONS			
Capitalized terms not defined in this Term Sheet have the meanings given to them in the joint plan of reorganization filed on April 16, 2013 (as may be amended or modified from time to time, the "**Plan**"), to be confirmed in the pending bankruptcy cases of the Debtors, and the related disclosure statement (the "**Disclosure Statement**").			
EQUITY TERMS			
New Arcapita Class A Shares	(a)	(i)	New Arcapita Topco shall issue senior preference shares (the "**New Arcapita Class A Shares**") ranking senior to the New Arcapita Ordinary Shares in accordance with the Plan and the Implementation Memorandum. The New Arcapita Class A Shares shall have a par value of one cent ($0.01) per share. The New Arcapita Class A Shares shall be divided into Class A-1 senior preference shares (the "**New Arcapita AIHL Class A Shares**") and Class A-2 senior preference shares (the "**New Arcapita Bank Class A Shares**"), which classes shall be treated in a *pari passu* manner in all respects except for the

		voting rights as provided herein. (ii) New Arcapita Topco shall issue 10.0 million New Arcapita Class A Shares, in accordance with the Plan and the Implementation Memorandum, for an issue price of $81.00 per share (the "**Issue Price**") payable to New Arcapita Topco; such issue price to be satisfied by way of an exchange of claims. (iii) New Arcapita AIHL Class A Shares will be issued to holders of Allowed Claims in Class 4(b) and 5(b), and the New Arcapita Bank Class A Shares will be issued to holders of Allowed Claims in Classes 4(a) and 5(a), in all cases as provided in the Plan. (iv) The New Arcapita Class A Shares shall have a liquidation preference equal to the New Arcapita Class A Shares share premium, which equals the Issue Price minus the aggregate par value of the New Arcapita Class A Shares (the "**Liquidation Preference**"), which shall be payable by way of redemptions of shares. (v) New Arcapita Topco shall be required to mandatorily redeem the New Arcapita Class A Shares with any funds held by New Arcapita Topco in excess of the Reserves (as defined below) *pro rata* to the New Arcapita AIHL Class A Shares and the New Arcapita Bank Class A Shares on a quarterly basis. Upon the payment of the Liquidation Preference to the holders of the New Arcapita Class A Shares, all of the New Arcapita Class A Shares shall be redeemed and no longer outstanding for any purpose. (vi) No distributions or dividends shall be made to the holders of New Arcapita Ordinary Shares until the Liquidation Preference has been paid in full. (vii) "**Reserves**" shall equal an amount of funds, as determined in the good faith of the Board, sufficient for New Arcapita Topco to operate and pay its debts and obligations, and subject in all cases to the prior satisfaction in full of all Exit Facility Obligations, New SCB Facility Obligations and Sukuk Obligations. (b) The Parties agree to work in good faith to ensure that the New Arcapita Class A Shares are Shari'ah compliant.
New Arcapita Ordinary Shares	(a)	New Arcapita Topco shall issue ordinary shares (the "**New Arcapita Ordinary Shares**") in accordance with the Plan and the Implementation Memorandum. The New Arcapita Ordinary Shares shall have a par value of one cent ($0.01) per share. The New Arcapita Ordinary Shares shall be divided into Class A ordinary shares (the "**New Arcapita AIHL Ordinary Shares**") and Class B ordinary shares (the "**New Arcapita Bank Ordinary Shares**"), which classes

		shall be treated in a *pari passu* manner in all respects except for the voting rights as provided herein.
	(b)	New Arcapita Topco shall issue 10.0 million New Arcapita Ordinary Shares, in accordance with the Plan and the Implementation Memorandum, for an issue price of one cent ($0.01) per share payable to New Arcapita Topco; such issue price to be satisfied by way of an exchange of claims.
	(c)	New Arcapita AIHL Ordinary Shares will be issued to holders of Allowed Claims in Classes 4(b) and 5(b), and the New Arcapita Bank Ordinary Shares will be issued to holders of Allowed Claims in Class 5(a), in all cases as provided in the Plan.
	(d)	Any distributions or dividends made to the holders of New Arcapita Ordinary Shares shall be made *pro rata* to the New Arcapita AIHL Ordinary Shares and the New Arcapita Bank Ordinary Shares.
	(e)	No distributions, dividends or other consideration (including in connection with any merger, consolidation, liquidation, winding-up or sale of all or substantially all of the capital stock or assets of New Arcapita Topco) shall be payable to the holders of New Arcapita Ordinary Shares until the Liquidation Preference has been paid in full through redemption of all outstanding New Arcapita Class A Shares.
Warrants	(a)	New Arcapita Topco shall issue, in accordance with the Plan and the Implementation Memorandum, 9.5 million Series A Warrants each to purchase out of treasury one New Arcapita AIHL Ordinary Share (the "**New Arcapita Creditor Warrants**") and up to 78.0 million Series B Warrants each to purchase out of treasury one Class C ordinary share (the "**New Arcapita Warrant Ordinary Shares**") (such warrants, the "**New Arcapita Shareholder Warrants**" and, together with the New Arcapita Creditor Warrants, the "**New Arcapita Warrants**"), in each case at an exercise price of one one-hundredth of one cent ($0.0001) per share.
	(b)	On the Effective Date, New Arcapita Topco shall, in accordance with the Plan and the Implementation Memorandum, issue to an entity within the Arcapita Group and immediately repurchase up to 87.5 million New Arcapita Ordinary Shares, for an issue and repurchase price of one cent ($0.01) per share, in order to make sufficient treasury shares available to satisfy its obligations upon the exercise of any New Arcapita Warrants.
	(c)	The New Arcapita Warrants shall expire ten years after the Effective Date of the Plan and shall not be exercisable until $142.50 per share (the "**Dividend Threshold**") in dividends or other distributions have been made in respect of the New Arcapita Ordinary Shares issued pursuant to the Plan and Implementation Memorandum.

	(d) In the event of any merger, consolidation, liquidation, winding-up or sale of all or substantially all of the capital stock or assets of New Arcapita Topco, (i) if the aggregate consideration to be received by the holders of New Arcapita Ordinary Shares in such transaction, together with all prior dividends or other distributions received in respect of the New Arcapita Ordinary Shares (together, the "**Aggregate Consideration**"), is less than the Dividend Threshold, then the New Arcapita Warrants shall automatically expire and be cancelled by New Arcapita Topco for no consideration, and (ii) if the Aggregate Consideration is greater than the Dividend Threshold, then the New Arcapita Warrants shall be redeemable by New Arcapita Topco for the payment of consideration to the holders of the New Arcapita Warrants of their *pro rata* share of the difference between the Aggregate Consideration and the Dividend Threshold (calculated on the basis of the then outstanding number of New Arcapita Ordinary Shares, assuming that the New Arcapita Warrants were fully exercised).
Memorandum and Articles of Association	The provisions of this Term Sheet, including detailed terms and conditions of the rights attaching to the different classes of the New Arcapita Shares and the New Arcapita Warrants, will be set out in the memorandum and articles of association (the "**Articles**") of New Arcapita Topco and (as necessary) the memoranda and articles of association or similar governing documents of the other companies in the Arcapita Group. The Articles will not contain materially additional or different rights or obligations from this Term Sheet.
Voting Rights	(a) Each of the New Arcapita Class A Shares and New Arcapita Ordinary Shares shall have one vote for all matters with respect to which the holders thereof are entitled to vote, as specified herein. The New Arcapita Warrants shall not have any voting rights. (b) Shareholder meetings will occur upon 30 days' notice to Shareholders, excluding the day of notice and the day of the meeting.
Directors and Corporate Governance	**Board Composition** (a) New Arcapita Topco shall be managed by a board of directors (the "**Board**"). The Board shall consist of seven persons and the directors shall be ultimately responsible for the management of New Arcapita Topco, the New Holding Companies and the Reorganized Debtors. On the Effective Date, the Board shall consist of directors selected by the members of the Official Unsecured Creditors' Committee of the Debtors (the "**UCC**"), in consultation with the Ad Hoc Group, and designated no later than the date of the Plan Supplement, pursuant to the following procedures: (i) those members of the UCC who will be holding New Arcapita AIHL Class A Shares of Topco (those members who hold guaranty or other claims against AIHL) will vote for five (5) directors (collectively, the "**AIHL Directors**"). (ii) those members of the UCC who will be holding New

	Arcapita Bank Class A Shares of Topco (those members who do not hold guaranty or other claims against AIHL) will vote for one (1) director (the "**Bank Directors**"). (iii) The AIHL Directors and the Bank Directors will appoint one (1) director to the Board designated by the Central Bank of Bahrain ("**CBB**"), who shall be a person employed by, or otherwise affiliated with, the CBB (the "**CBB Director**"). (b) The membership of the Board will be modified pursuant to the following procedures: (i) Within twenty business days after New Arcapita Topco has redeemed all New Arcapita Class A Shares in full, the AIHL Directors shall select three of the existing AIHL Directors to be removed from the Board, and such AIHL Directors shall be immediately removed from the Board, bringing the total number of AIHL Directors to two (2). Simultaneously, the Bank Director together with the CBB Director shall select three new, additional directors to serve on the Board, which new directors shall be deemed to be Bank Directors, bringing the total number of Bank Directors to four (4) (the removals of such AIHL Directors and the appointment of such new Bank Directors, together, the "**Board Redemption Adjustment**"). (ii) Within twenty business days after New Arcapita Topco has reached the Dividend Threshold, such that the New Arcapita Warrants are exercisable, the AIHL Directors shall select [one of the existing AIHL Directors to be removed from the Board, and such AIHL Director shall be immediately removed from the Board]/[[_] new, additional director[s] to serve on the Board], bringing the number of AIHL Directors to [___] ([_]). Simultaneously, the Bank Directors shall select [___] of the existing Bank Director[s] to be removed from the Board, and such Bank Director[s] shall be immediately removed from the Board, bringing the total number of Bank Directors to [___] ([_]). Thereafter, the AIHL Director[s] and the Bank Director[s] shall appoint [[___] ([_])][*to be a majority*] directors to the Board, one of which shall be designated by each of the [___] largest holders of New Arcapita Warrant Ordinary Shares (collectively, the "**Warrant Directors**") (the removal of such [AIHL Director and] such Bank Director[s] and the appointment of such new [AIHL Director[s] and] Warrant Directors, together, the "**Board Warrant Adjustment**"). (c) With respect to any meeting of the Board, a quorum shall be a majority of the members of the Board. (d) The Board shall act by (i) a majority vote of the board members at any

	meeting at which a quorum is present or (ii) written consent of a majority of members of the Board (in each case, a "**Board Resolution**"). (e) Board members shall be entitled to attend Board meetings by telephone. **Arcapita Group Boards** On the Effective Date, the authority, power, and incumbency of any persons then acting as directors of any direct or indirect subsidiaries of New Arcapita Topco over which New Arcapita Topco will have, after implementation of the corporate transactions contemplated under the Plan, sufficient voting rights to replace directors and amend the governing documents of such subsidiary unilaterally (the "**Controlled Subsidiaries**"), shall be terminated, and such directors shall be automatically removed as of the Effective Date; provided that no such termination or removal shall be effected for any Controlled Subsidiary to the extent that such action could reasonably be interpreted to cause a "change of control" or similar default under any material financing, shareholders or other agreement entered into by that Controlled Subsidiary or any of its affiliates. The members of the Board shall serve as the board of directors of each of the Controlled Subsidiaries, unless and until such time as the Board selects a replacement board of directors for any such Controlled Subsidiary.
Removal of Directors	(a) From the Effective Date until the Board Redemption Adjustment: (i) any AIHL Director may be removed with or without cause by an affirmative vote of holders of a majority of the New Arcapita AIHL Class A Shares; and (ii) any Bank Director may be removed with or without cause by an affirmative vote of holders of a majority of the New Arcapita Bank Class A Shares. (b) Following the Board Redemption Adjustment: (i) any AIHL Director may be removed with or without cause by an affirmative vote of holders of a majority of the New Arcapita AIHL Ordinary Shares; and (ii) any Bank Director may be removed with or without cause by an affirmative vote of holders of a majority of the New Arcapita Bank Ordinary Shares. (c) Following the Board Warrant Adjustment, any Warrant Director may be removed with or without cause by an affirmative vote of the holders of a majority of the New Arcapita Warrant Ordinary Shares. (d) At any time, the CBB may, upon written notice to the Board, request the removal of the CBB Director with or without cause. Upon receipt of such notice, without any further action on the part of the directors, the CBB Director shall automatically be removed.
Vacancies on the Board	(a) Upon the death, resignation, or removal of: (i) any AIHL Director, the remaining AIHL Director(s) shall select a replacement director, who shall also be an AIHL Director; (ii) any Bank Director, the remaining Bank Director(s) shall select a replacement director, who shall also be

	a Bank Director; (iii) any Warrant Director, the remaining Warrant Director(s) shall select a replacement director, who shall also be a Warrant Director; and (iv) the CBB Director, the CBB shall designate a new individual, who shall be a person employed by, or otherwise affiliated with, the CBB, and the directors on the Board at such time shall appoint such individual as a director. (b) If at any time prior to the Board Redemption Adjustment there are no active AIHL Directors or Bank Directors on the Board, then the Board shall call a meeting of the holders of New Arcapita AIHL Class A Shares in respect of the AIHL Directors and New Arcapita Bank Class A Shares in respect of the Bank Directors, as soon as practicable, at which meeting the holders of the New Arcapita AIHL Class A Shares or New Arcapita Bank Class A Shares, as applicable, shall elect the number of AIHL Directors or Bank Directors that would have been active on the Board absent any deaths, resignations, or removals of AIHL Directors or Bank Directors, respectively (other than pursuant to the Board Redemption Adjustment). (c) If at any time following the Board Redemption Adjustment there are no active AIHL Directors or Bank Directors on the Board, then the Board shall call a meeting of the holders of New Arcapita AIHL Ordinary Shares in respect of the AIHL Directors and New Arcapita Bank Ordinary Shares in respect of the Bank Directors, as soon as practicable, at which meeting the holders of the New Arcapita AIHL Ordinary Shares or New Arcapita Bank Ordinary Shares, as applicable, shall elect the number of AIHL Directors or Bank Directors that would have been active on the Board absent any deaths, resignations, or removals of AIHL Directors or Bank Directors, respectively (other than pursuant to the Board Warrant Adjustment). (d) If at any time following the Board Warrant Adjustment there are no active Warrant Directors, then the Board shall call a meeting of the holders of New Arcapita Warrant Shares, as soon as practicable, at which meeting the holders of the New Arcapita Warrant Ordinary Shares shall elect the number of Warrant Directors that would have been active on the Board absent any deaths, resignations, or removals of Warrant Directors. (e) If at any time the CBB has failed to designate the CBB Director, then the Majority Directors (as defined below) may, upon written notice to the Board, select an interim director (the "**Interim CBB Director**") who shall be deemed to be the CBB Director, to serve until such time as the CBB either designates the CBB Director or removes the Interim CBB Director in accordance with the procedures described above. For the purposes of this provision, "**Majority Directors**" shall mean: (i) at any time prior to the Board Redemption Adjustment, a majority of the AIHL Directors; (ii) at any time following the Board Redemption Adjustment but prior to the Board Warrant Adjustment, a majority of the Bank Directors; and (iii) at any time following the Board Warrant Adjustment, a majority of the Warrant Directors. Any Interim CBB

	Director may be removed with or without cause, and a new Interim CBB Director appointed, by the Majority Directors then in office at any time.
Board Meetings	(a) The Board shall meet no less frequently than four times per year. (b) At least three business days' notice of each meeting of the Board shall be given to the members of the Board, unless otherwise agreed by the members of the Board.
Transfer of Shares and Warrants	The New Arcapita Shares and the New Arcapita Warrants shall be freely transferable, subject to compliance with applicable law. Notwithstanding the foregoing, New Arcapita Topco has not been registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The New Arcapita Shares and the New Arcapita Warrants may not be offered or sold except (i) within the United States to institutions that are "Qualified Purchasers" or "Knowledgeable Employees" as such terms are defined under the Investment Company Act and the related rules thereunder or (ii) to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and in accordance with any applicable securities laws of any other jurisdiction. Each person or entity in the United States who is to receive Shares pursuant to the Plan and the Implementation Memorandum be deemed to have agreed to restrictions on transfer, as described in the Plan and related documentation, which shall include an undertaking that such investors will only resell the Nerw Arcapita Shares and New Arcapita Warrants in an offshore transaction pursuant to Rule 904 of Regulation S under the Securities Act, to or for the account or benefit of a person not known by such investor to be a U.S. person or entity. In addition, solely for the purposes of complying with Shari'ah principles, the New Arcapita Warrants shall only be transferable on a gratuitous basis (without any consideration).
Information Rights	The Articles shall specify that the holders of New Arcapita Shares and the New Arcapita Warrants shall be entitled to receive to the extent otherwise prepared, audited annual accounts and quarterly financial reports of the Reorganized Debtors.
Structure, mechanics	Notwithstanding anything to the contrary in this Term Sheet, all transactions contemplated by this Term Sheet shall be implemented by the Plan in accordance with the Implementation Memorandum.
Funding	The holders of New Arcapita Shares and the New Arcapita Warrants shall not be under any obligation to provide any financing to the Reorganized Debtors or the New Holding Companies at any point in the future.
Confidentiality and Announcements	None of the holders of New Arcapita Shares or the New Arcapita Warrants shall directly or indirectly divulge, use, furnish, disclose, exploit or make available to any person or entity, whether or not a competitor of the Arcapita Group, any confidential information relating to the Arcapita Group except as may be required by law (including as required by the Bankruptcy Court of the

	Southern District of New York).
Amendments	The Articles shall not be modified or amended except pursuant to a writing signed by the Company and by the holders of a majority of the outstanding New Arcapita Class A Shares and the holders of a majority of the outstanding shares of New Arcapita Ordinary Shares; provided, however, that (a) no modification or amendment which would disproportionately adversely affect in any material respect the rights of any subclass of shares (the "**Disproportionately Affected Subclass**") (i.e., the New Arcapita AIHL Class A Shares and the New Arcapita Bank Class A Shares or the New Arcapita AIHL Ordinary Shares and the New Arcapita Bank Ordinary Shares) relative to the other subclass of shares in its respective class shall be effective as to the Disproportionately Affected Subclass if the holders of a majority of the outstanding shares of the Disproportionately Affected Subclass have not consented thereto; or (b) no modification or amendment which would materially and adversely affect CBB's rights shall be effective without the consent of CBB. For the avoidance of doubt, the New Arcapita Class A Shares shall at no point (a) bear any interest or similar rights to a return other than the Liquidation Preference described above or (b) be redeemed at any price other than the Liquidation Preference described above.
Indemnification	The Articles will provide customary indemnification for the directors on the Board with respect to the conduct of New Arcapita Topco's business and affairs.
D&O Insurance	New Arcapita Topco shall obtain an appropriate level and terms of D&O insurance coverage for members of the Board.
Governing Law	The definitive documentation implementing this Term Sheet, including without limitation the Articles, shall be governed by the law of the Cayman Islands. The Parties will irrevocably agree that the courts of the Cayman Islands have exclusive jurisdiction to decide and to settle any dispute or claim arising out of or in connection with the Articles and related ancillary documents. For the avoidance of doubt, the Parties hereby irrevocably agree that (a) the Plan and the Confirmation Order shall be governed by New York law and (b) the Bankruptcy Court of the Southern District of New York will have exclusive jurisdiction to decide and to settle any dispute or claim arising out of or in connection with the Plan and the Confirmation Order.

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EXHIBIT E
IMPLEMENTATION MEMORANDUM

IMPLEMENTATION MEMORANDUM

This Implementation Memorandum is preliminary only; the final version will be filed in the Plan Supplement. Capitalized terms used in this Implementation Memorandum that are not otherwise defined herein shall have the meanings given to them in the Plan or the Disclosure Statement.

Attached as Exhibit A is a chart showing the current organizational structure for the Arcapita Group. Attached as Exhibit B is a chart showing the proposed post-Effective Date structure for the Arcapita Group, after giving effect to the Restructuring described in the Plan and the Disclosure Statement.

In connection with implementing the Restructuring, the following transactions are currently contemplated to occur upon the Effective Date:

1. The Sukuk Facility will be established, and New Arcapita Investment Limited will be formed as the Issuer and Trustee thereof.

2. New Arcapita Topco, [New Arcapita Bahrain Minorityco, New Bahraini Arcapita Holdco][1] New Arcapita Bank Holdco, New Arcapita Holdco 1, New Arcapita Holdco 2 and New Arcapita Holdco 3 will be formed.

3. An internal reorganization will occur, pursuant to which, among other things:

    a. the existing first-tier Cayman subsidiaries of Arcapita Bank B.S.C.(c) ("**Bank**") (other than Arcapita Investment Management Limited ("**AIML**"), Arcapita (HK) Limited and AIHL) will merge with and into New Arcapita Holdco 3;

    b. Bank will contribute its shares in AIML ultimately to New Arcapita Holdco 3;

    c. AIHL will contribute all of its assets (including portfolio investment interests) to New Arcapita Holdco 2; and

    d. certain limited operating entities will be formed, as new direct and indirect subsidiaries of Bank.

4. 50% of more of the existing Shares of Bank will be transferred by the Transferring Shareholders ultimately to New Arcapita Bank Holdco, in exchange for the issuance of the Transferring Shareholder Warrants; alternatively, all of the Shares of Bank will be cancelled and new Shares of Bank will be issued to New Arcapita Bank Holdco pursuant to the Plan.

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[1] The formation of New Arcapita Bahrain Minorityco and New Bahraini Arcapita Holdco, and regulation of New Bahraini Arcapita Holdco by the CBB and/or the Bahrain Ministry of Industry and Commerce, are subject to an acceptable resolution of the Bahrain structure and CBB and Bahrain Ministry of Industry and Commerce regulatory issues that are presently under discussion.

5. The Sukuk Obligations, the New Arcapita Class A Shares, the New Arcapita Ordinary Shares, the New Arcapita Creditor Warrants and the Subordinated Claim Warrants will be issued to the Creditors pursuant to the Plan.

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Exhibit A
Current Structure

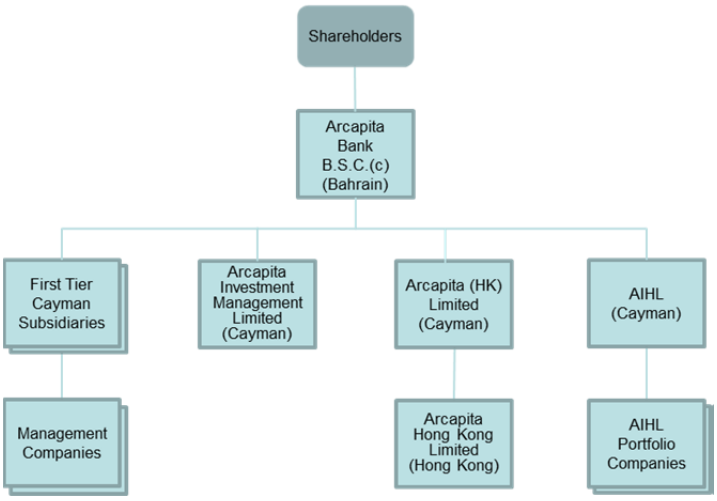
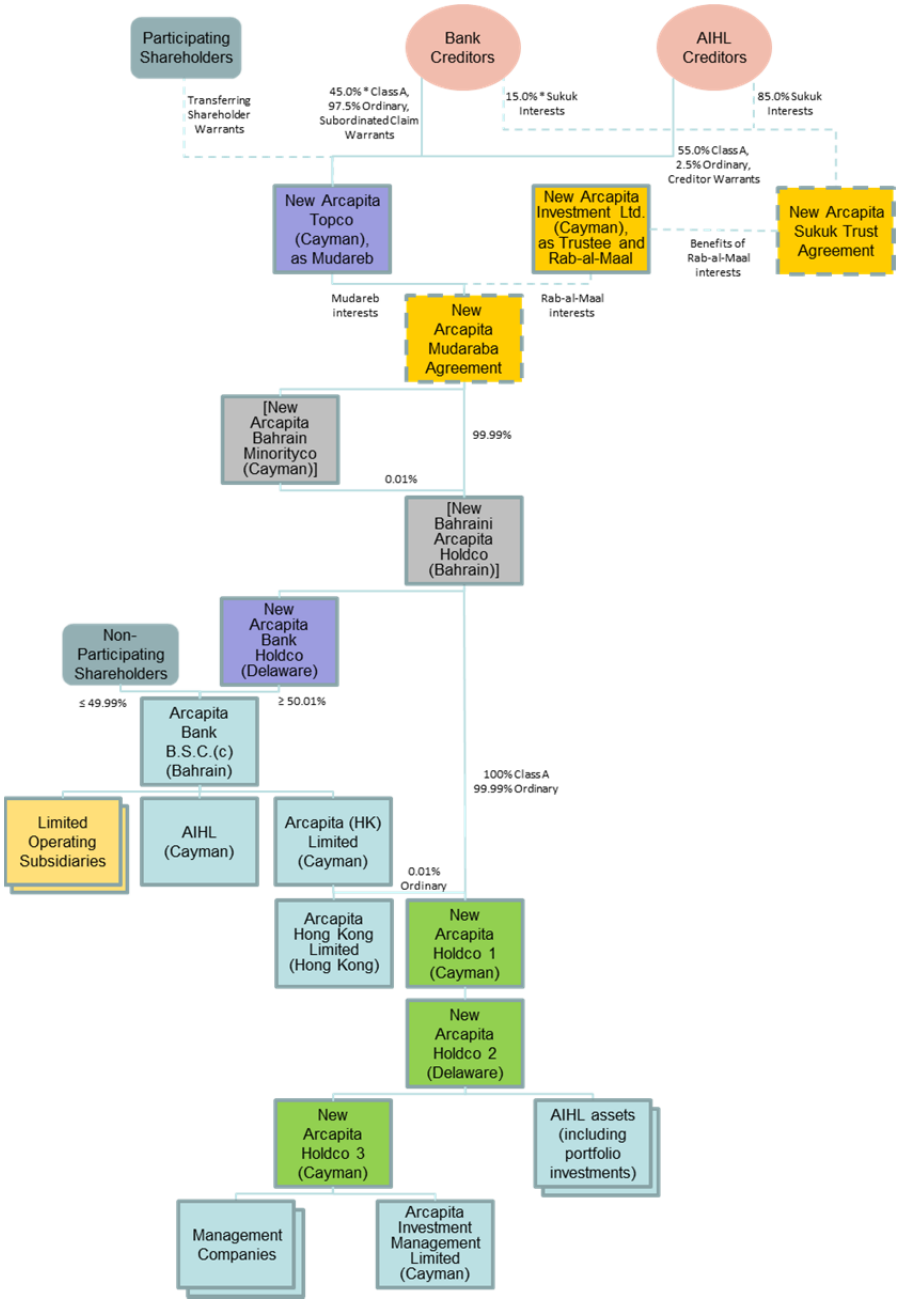


Exhibit B
Final Structure[2, 3]



[2] As described in the Plan and the Disclosure Statement, (i) the 45.0% of the New Arcapita Class A Shares issued to Creditors of Bank includes approximately 25.4% issued to holders of General Unsecured Claims against Bank and approximately 19.6% issued to holders of other Claims against Bank that are also holders of Claims against AIHL, and (ii) the 15.0% of Sukuk Obligations issued to Creditors of Bank includes approximately 8.5% issued to holders of General Unsecured Claims against Bank and approximately 6.5% issued to holders of other Claims against Bank that are also holders of Claims against AIHL.

[3] The formation of New Arcapita Bahrain Minorityco and New Bahraini Arcapita Holdco, and regulation of New Bahraini Arcapita Holdco by the CBB and/or the Bahrain Ministry of Industry and Commerce, are subject to an acceptable resolution of the Bahrain structure and CBB and Bahrain Ministry of Industry and Commerce regulatory issues that are presently under discussion.

EXHIBIT F
EXIT FACILITY TERM SHEET

[TO COME]

A copy of the Exit Facility Term Sheet will be available at http://www.gcginc.com/cases/arcapita.

EXHIBIT G
SCB TERM SHEET

SCB TERM SHEET

Confirmation Order	The agreements contained herein are expressly subject to the entry of (I) a final order (the "**Confirmation Order**") by the United States Bankruptcy Court for the Southern District of New York ("**Bankruptcy Court**") presiding over the chapter 11 cases ("**Chapter 11 Cases**") of affiliated debtors Arcapita Bank B.S.C.(c) ("**Arcapita Bank**"), Arcapita Investment Holdings Limited ("**AIHL**"), Arcapita LT Holdings Limited ("**Arcapita LT**"), AEID II Holdings Limited ("**AEID II**"), RailInvest Holdings Limited ("**RailInvest**"), and WindTurbine Holdings Limited ("**WindTurbine**," and together with AEID II, Arcapita LT, RailInvest, Arcapita Bank, and AIHL, the "**Debtors**"), confirming a chapter 11 plan for the Debtors which approves the agreements contained herein in their entirety (a "**Chapter 11 Plan**"); and (II) an order (the "**Cayman Order**") by the Grand Court of the Cayman Islands in FSD Cause No. 45 of 2012 (the "**Cayman Proceeding**"), in each case, which conforms to the agreements contained herein and that is otherwise reasonably acceptable in form and substance to Standard Chartered Bank ("**SCB**"). As used herein, where required by context, "Debtors" includes any reorganized successor entity thereof. As used herein, "Debtors" does not include Falcon Gas Storage Company Inc. "**Falcon**", which is also a chapter 11 debtor in the Chapter 11 Cases.
SCB Claims and Security	Prior to the commencement of the Chapter 11 Cases, SCB extended approximately $100 million in secured Shari'ah-compliant murabaha financing to the Debtors under two $50 million secured murabaha facilities (together, the "**SCB Facilities**"). Such claims have been allowed in full as valid secured claims against the Debtors and not subject to avoidance, subordination, or objection as to validity, enforceability, priority or perfection, under the *Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Settlement with Standard Chartered Bank* [Docket No. 587] (the "**SCB Order**") and the Settlement Term Sheet attached thereto as Exhibit 1 (the "**Settlement Term Sheet**").
Honiton Amendment	SCB and the Debtors agree that they will engage in good faith negotiations in an effort to reach an amendment to the Honiton Facility in connection with the plan process. The Debtors acknowledge that the terms and conditions (including maturity and whether events of default have occurred and are continuing) of existing indebtedness related to Honiton is material to SCB's determination as to whether it will grant an amendment to the Honiton Facility. For the avoidance of doubt, nothing herein shall preclude SCB from selling the Honiton Facility.

SCB Superpriority Claims	SCB shall be entitled to receive on the effective date of a Chapter 11 Plan (the "**Effective Date**") a cash payment equal to any SCB Superpriority Claims (as defined under the SCB Order and Settlement Term Sheet); provided, however, SCB agrees that up to $15 million plus any SCB admin claim resulting from net proceeds generated with respect to asset sales that require mandatory DIP facility repayment of such SCB Superpriority Claims, other than such claims arising from the transfer of any direct or indirect assets of AEID II, RailInvest or WindTurbine, may be paid under the New SCB Exit Financing Documents (defined below). For the avoidance of doubt, all of SCB's reimbursable expenses under the SCB Order and Settlement Term Sheet shall be reimbursed by the Debtors in full and in cash.
Postpetition Profit Under SCB Facilities	SCB shall be entitled to retain all postpetition profit paid or required to be paid in accordance with the SCB Order and Settlement Term Sheet as profit and such amounts shall not be recharacterized as principal. The Committee Challenge Right (as defined in the SCB Order) shall be cancelled.
New SCB Exit Financing Documents	The Debtors and SCB shall enter into a new murabaha financing agreement ("**New SCB Exit Financing Documents**"), acceptable to SCB and the Debtors, for the payment of all unpaid amounts due and owing under the SCB Facilities and/or the SCB Order. The New SCB Exit Financing Documents shall be structured in a manner acceptable under Islamic law to cause all payments made to SCB under this agreement and the Chapter 11 Plan to be Shari'ah compliant.
Security for New SCB Exit Financing Documents	The New SCB Exit Financing Documents shall be secured by the same collateral securing the SCB Facilities. In addition, SCB shall receive (i) a second priority lien on all other assets of the Debtors and other collateral pledged to the exit lender (the "**Exit Lender**") that provides the Debtors' exit financing (the "**Exit Facility**"), and (ii) subordinated guaranties from all entities providing guaranties to the Exit Lender. With respect to SCB, the Exit Lender shall not be granted any greater rights than those granted pursuant to the *Interim Order Pursuant to 11 U.S.C. §§ 105, 362, 363(b)(1), 363(m), 364(c)(1), 364(c)(2), 364(c)(3), and 364(e) and Bankruptcy Rules 4001 and 6004 (I) Authorizing Debtors (A) To Enter Into and Perform Under Murabaha Agreement, and (B) To Obtain Credit on a Secured Superpriority Basis, (II) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) and (III) Granting Related Relief* [Docket No. 698] (the "**Interim DIP Order**"), the *Final Order Pursuant to 11 U.S.C. §§ 105, 362, 363(b)(1), 363(m), 364(c)(1), 364(c)(2), 364(c)(3), and*

	364(e) and Bankruptcy Rules 4001 and 6004 (I) Authorizing Debtors (A) To Enter Into and Perform Under Murabaha Agreement, and (B) To Obtain Credit on a Secured Superpriority Basis, and (II) Granting Related Relief [Docket No. 727] (the "**Final DIP Order**"), and the DIP Agreement (as defined in the Interim DIP Order) and its related finance documents to the Security Agent (as defined in the Interim DIP Order); provided, however that with respect to Debtors WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and each of their respective assets, the Exit Lender shall have no enforcement rights while any amounts remain owed to SCB under the New SCB Exit Financing Documents. The relative rights and priorities of SCB and the Exit Lender, as described herein, are subject to entry into an intercreditor agreement acceptable to SCB, the Exit Lender, the Debtors and the Committee.
Profit under New SCB Exit Financing Documents	The profit rate under the New SCB Exit Financing Documents shall be 8.75%.
Maturity of New SCB Exit Financing Documents	The New SCB Exit Financing Documents shall have a maturity date that is 36 months following the Effective Date.
Cash Payment on the Effective Date	The Debtors shall provide SCB a cash payment equal to $10 million, which shall be paid from the Cash Collateral (defined below) on the Effective Date. The cash payment shall reduce the principal amount under the New SCB Exit Financing Documents on a dollar for dollar basis.
Mandatory Prepayments of New SCB Exit Financing Documents	"**Working Capital Reserve**" means, for any measurement date, the sum of (a) $20 million and (b) the cash required to fund operations of the primary obligor under the New SCB Exit Financing Documents ("**New Arcapita Issueco**") and its subsidiaries for the succeeding four (4) months, including, for the avoidance of doubt, to fund New Arcapita Issueco's business of managing and funding its portfolio investment companies. "**Excess Cash**" means, for any measurement date, any cash held by New Arcapita Issueco as of such date in excess of the Working Capital Reserve, Excess Cash will be measured at the end of each quarter and paid as provided below within 30 days after such measurement date. After the Exit Facility has been paid in full, SCB shall receive mandatory prepayments in an amount equal to 100% of all Excess Cash on a quarterly basis, including without limitation mandatory

	prepayments from the proceeds of the sale or other disposition of assets securing the New SCB Exit Financing Documents in excess of the Working Capital Reserve. Notwithstanding anything to the contrary set forth herein, the proceeds of any sale or other disposition of the assets of AEID II, WindTurbine, or RailInvest, less amounts necessary to fund the Working Capital Reserve, shall be distributed to SCB prior to payment of the Exit Facility. The Chapter 11 Plan shall provide that no prepetition creditor of the Debtors shall receive any recovery on account of its prepetition claims against the Debtors (other than priority, administrative and convenience class claims required to be paid on the Effective Date) until the obligations under the New SCB Exit Financing Documents are satisfied in full in cash.
Optional Prepayment of New SCB Exit Financing Documents	The Debtors may prepay any amount owed pursuant to the New SCB Exit Financing Documents at any time without premium or penalty.
Fees and Expenses	The Debtors shall reimburse SCB in cash for all reasonable and documented fees and expenses related to, in connection with, and arising under, the negotiation, execution, and delivery of the New SCB Exit Financing Documents and the enforcement of all rights and obligations thereunder.
Indemnity Obligations	In consideration for SCB's guaranty in the amount of US$10 million for the benefit of Tourism Development and Investment Company, Arcapita Bank has entered into the Guaranty Indemnity for the benefit of Standard Chartered (the "**Indemnity Obligations**"). The Indemnity Obligations are secured by cash in the amount of US$10 million (the "**Cash Collateral**") that is held as collateral by SCB. On the Effective Date, SCB shall be permitted to apply the Cash Collateral as a principal reduction under the New SCB Exit Financing Documents. On and after the Effective Date, the Indemnity Obligations shall be secured pari passu with the collateral securing the SCB New Exit Financing Documents. The Debtors shall promptly seek Bankruptcy Court authority to pay and shall pay any accrued and unpaid amounts under or related to the Indemnity Obligations and shall continue to pay any such amounts on a current basis.

Consultation Rights	Arcapita shall consult with SCB with respect to any proposed sale of any of the Debtors' direct and/or indirect assets and the proposed pricing thereof, including without limitation the direct and/or indirect assets of WindTurbine Holdings Limited, AEID II Holdings Limited, and RailInvest Holdings Limited.
Release	The Chapter 11 Plan shall include a full release to the extent permitted by applicable law and approved by the Bankruptcy Court (including a release of the Committee Challenge Right) for the benefit of SCB, subject to a limited carve-out for gross negligence, willful misconduct, criminal acts, and fraud.
Other Terms and Conditions	The New SCB Exit Financing Documents may, at SCB's sole option, contain other terms and conditions that are (a) substantially similar to the terms contained in (i) the Arcapita DIP facility, (ii) the exit facility, or (iii) the SCB Financing Documents, and (b) such other terms as otherwise agreed between the Debtors, SCB and the Committee.
Modification of SCB Settlement	On the Effective Date, the rights and obligations of the Debtors and SCB pursuant to the SCB Order and Settlement Term Sheet shall be deemed modified to the extent necessary to be consistent with their respective rights and obligations as set forth in the Chapter 11 Plan.
Termination Event	An SCB Termination Event under the SCB Order and Settlement Term Sheet shall not have occurred prior to the Effective Date.
Approvals and Definitive Documentation	Any binding agreement between the parties would be subject to (i) SCB internal approvals, (ii) a limited desktop valuation review by Deloitte & Touche, and (iii) definitive documentation acceptable to the Debtors, SCB and the Committee.

EXHIBIT H
SUKUK FACILITY TERM SHEET

THIS TERM SHEET DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS AS TO ANY CHAPTER 11 PLAN, IT BEING UNDERSTOOD THAT SUCH AN OFFER OR SOLICITATION, IF ANY, WILL ONLY BE MADE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF SECURITIES AND BANKRUPTCY LAWS. THIS TERM SHEET DOES NOT ADDRESS ALL MATERIAL TERMS THAT WOULD BE REQUIRED IN CONNECTION WITH THE PLAN (AS DEFINED HEREIN) AND IS SUBJECT TO THE COMPLETION AND EXECUTION OF DEFINITIVE DOCUMENTATION. THIS TERM SHEET HAS BEEN PRODUCED FOR DISCUSSION AND SETTLEMENT PURPOSES ONLY AND IS SUBJECT TO THE PROVISIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER SIMILAR APPLICABLE STATE AND FEDERAL RULES.

ARCAPITA MUDARABA SUKUK

TERM SHEET [1]

Certificates:	USD$550,000,000 Certificates.
Certificateholders:	The holders of the Certificates issued and in the amounts prescribed pursuant to the Plan (including any adjustments required by the Plan if and to the extent any portion of the Claim arising from the AIHL guarantee of the Arcsukuk Facility is disallowed).
Issuer, Rab-al Maal, and Trustee:	[New Arcapita Invest Ltd.], a special purpose company to be incorporated under the laws of the Cayman Islands.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.$[•] consisting of [•] ordinary shares of U.S.$[•] each, [•] of which are fully-paid and issued. Trustee's entire issued share capital is held on trust for charitable purposes by [•] as share trustee under the terms of a declaration of trust.
Administration of the Trustee:	The affairs of the Trustee will be managed by [•], who will perform certain management functions and provide certain clerical, administrative and other services pursuant to a corporate services agreement.
Mudareb:	New Arcapita Topco, an entity to be formed under the laws of the Cayman Islands ("**Topco**").

[1] Note: Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms, if any, in the Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors under Chapter 11 of the Bankruptcy Code (the "Plan").

Delegate:	[•]. Pursuant to the Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by certain provisions of the Declaration of Trust. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured, be obliged to) take enforcement action in the name of the Trustee against the Mudareb following a Dissolution Event.
Principal Paying Agent, Calculation Agent, Registrar and Transfer Agent:	[•].
Issue Date:	On or before [•] 2013.
Issue Price:	100 percent.
Periodic Distribution Dates:	[quarterly] commencing on [•] 2013.
Periodic Distributions:	Subject to certain restrictions (including set forth in the next paragraph), Periodic Distribution Amounts shall be payable on each Periodic Distribution Date up to and including the First Call Date at a rate of 12.0 percent per annum. [If the Certificates are not redeemed or purchased and cancelled on or prior to the First Call Date, Periodic Distribution Amounts shall be payable on each Periodic Distribution Date after the First Call Date (subject as aforesaid) at a rate of [12]% percent per annum. The First Call Date shall be [the date that is six years after the Issue Date].] Periodic Distributions shall be payable solely from Excess Cash derived from the Mudaraba Assets after payment in full of the Exit Facility and the New SCB Facility. Excess Cash shall mean "at any measurement date, any cash held by New Arcapita Topco (as defined in the Chapter 11 Plan) or its wholly owned subsidiaries in excess of the sum of (a) cash required to fund operations of New Arcapita Topco and its subsidiaries for the succeeding four (4) months, plus

	(b) $20 million. Excess Cash will be measured quarterly in arrears and will be paid within 30 days after the end of any measurement period." If there is no Excess Cash to make a Periodic Distribution in a given period, the unpaid Periodic Distribution shall accrue and be paid by the Trustee in the next period where sufficient Excess Cash is available to make the Periodic Distribution. On any Periodic Distribution Date, payment shall first be applied to any previously accrued but unpaid Periodic Distribution Amounts and then to the Periodic Distribution Amounts due on such Periodic Distribution Date.
Form of Certificates:	The Certificates will be issued in registered form as described in "Global Certificate". The Certificates will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Definitive Certificates evidencing holdings of Certificates will be issued in exchange for interests in the Global Certificate only in limited circumstances.
Clearance and Settlement:	Certificateholders may be required to hold their interest in the Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing systems.
Denomination of the Certificates:	The Certificates will be issued in registered form in face amounts of U.S.$[•] and integral multiples of U.S.$[•] in excess thereof.
Status of the Certificates:	Each Certificate will represent an undivided ownership interest in the Trust Assets, will be a limited recourse obligation of the Trustee and will rank pari passu without any preference or priority with all other Certificates.

	The payment obligations of Topco under the Mudaraba Agreement or any other Transaction Document in respect of each Certificate will (a) constitute direct, unsecured obligations of Topco, (b) be subordinated to the claims arising under the Exit Facility and the New SCB Facility, and (c) rank in priority to the New Arcapita Shares.
Trust Assets:	The Trust Assets consist of: (a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Mudaraba Assets (as defined in the attached "Structure Diagram and Cashflows"); (b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given by Topco (acting in any capacity) pursuant to any of the Transaction Documents to which it is a party); and (c) all monies standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing upon trust for the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and the conditions.
Redemption of Certificates:	The Certificates are perpetual securities and accordingly do not have a fixed or final redemption date. The Certificates may be redeemed in whole or in part, or the terms thereof may be varied by the Trustee (but only upon the instructions of Topco (acting in its sole discretion)). The Trustee shall (but only upon the instructions of Topco (acting in its sole discretion)), on the First Call Date or on any Periodic Distribution Date thereafter, redeem all, or part, of the Certificates at the Trustee Call Amount. The "Trustee Call Amount" in relation to a Certificate, means its outstanding face amount together with any accrued and unpaid Periodic Distribution Amounts.

Dissolution Events:	Upon the occurrence of certain events in respect of Topco or the Trustee, and upon the receipt of a dissolution request or being directed by an extraordinary resolution of the Certificateholders, the Trustee and/or the Delegate shall liquidate the Mudaraba.
Withholding Tax:	All payments in respect of the Certificates shall be made without withholding or deduction for, or on account of, any taxes, unless the withholding or deduction of the taxes is required by law. In such event, the Trustee will pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates is received by the parties entitled thereto. Payment under the Mudaraba Agreement will be made by Topco (in its capacity as the Mudareb) without withholding or deduction for, or on account of, any present or future taxes, unless the withholding or deduction of the taxes is required by law and, in such case, provide for the payment by Topco of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.
Trustee Covenants:	The Trustee will agree to certain restrictive covenants to be set out in the Conditions.
Ratings:	The Certificates will not be rated by any rating organization upon their issue.
Certificateholder Meetings:	Provisions to be agreed for convening meetings of the Certificateholders to consider matters relating to their interests in including in respect of modification, waiver, authorization and determination.
Market for Trading:	The Trustee (acting on the instructions of the Certificateholders) and the Mudareb will explore reasonable options to facilitate off-market trading of the Certificates including enhanced financial reporting or, if practicable, listing the securities on a public exchange. Notwithstanding the foregoing, neither Topco nor the Issuer has been registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). As a result, the initial offer and sale

	of the Certificates within the United States, and any re-sales of such Certificates by such United States investors, may be subject to certain restrictions and other requirements in order to permit compliance with any available exemptions under the Investment Company Act.
Transaction Documents:	The Declaration of Trust, the Agency Agreement, the Mudaraba Agreement and the Certificates.
Governing Law:	The Declaration of Trust, the Certificates, the Conditions, the Agency Agreement, the Mudaraba Agreement and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, [English][New York] law.
Limited Recourse:	Proceeds of the Trust Assets are the sole source of payments on the Certificates. The Certificates do not represent an interest in any of the Trustee, the Delegate, Topco, any of their agents, or any of their respective affiliates. Certificateholders will have no recourse to any assets of any of the Issuer, the Trustee (other than the Trust Assets), the Delegate or Topco (to the extent that each of them fulfills all of its obligations under the Transaction Documents to which it is a party), the Agents or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets when the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.
Use of Proceeds:	The proceeds of the issue of the Certificates will be paid by the Trustee (as Rab-al-Maal) to Topco (as Mudareb) as Mudaraba Capital pursuant to the terms of the Mudaraba Agreement.

EXHIBIT I
CREDITOR RELEASE

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

CREDITOR ACKNOWLEDGMENT AND RELEASE

By an order entered on April 26, 2013 [Docket No. 1045] (the "***Confirmation Order***"), the United States Bankruptcy Court for the Southern District of New York (the "***Bankruptcy Court***") Confirmed the *Second Amended Joint Plan of Reorganization for the Debtors Under Chapter 11 of the Bankruptcy Code*, dated April 25, 2013 [Docket No. 1036] (including all exhibits and supplements, the "***Plan***") of Arcapita Bank B.S.C.(c) ("***Arcapita***"), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited and Falcon Gas Storage Company, Inc., as debtors and debtors in possession (collectively, the "***Debtors***"). (Capitalized terms used in this Creditor Acknowledgment and Release that are not otherwise defined herein have the meanings given to them in the Plan.) The Effective Date of the Plan occurred on [_____], 2013.

Article IX and Section 8.17 of the Plan and the Confirmation Order provide that, as of the Effective Date, all Claims, demands, liabilities, other debts against, or Interests in (other than those created by the Plan), the Debtors (other than Falcon) have been discharged in exchange for the right to receive Distributions to be made by the Disbursing Agent to those Holders with Allowed Claims against the Debtors.

This Creditor Acknowledgment and Release is being sent to you because, according to the records of the Disbursing Agent, the Distribution Record Date, you are a Holder of a Claim(s) in Class [_____] of the Plan in the amount set forth in Item 1 below and, accordingly, on account of your Claim(s), you have a right to a Distribution under the terms of the Plan.

PLEASE NOTE:

- If you also hold a Claim(s) in other Classes of Claims entitled to a Distribution under the Plan, you will receive a separate Creditor Acknowledgment and Release with respect to such Claim(s).

- If you have transferred your Claim(s) listed in Item 1 since the Distribution Record Date, you must forward a copy of this Creditor Acknowledgment and Release to the transferee and the transferee must return an executed copy of this Creditor

Acknowledgment and Release to the Disbursing Agent to receive any Distribution under the Plan on account of the Claim(s) transferred.

- Distributions under the Plan may be made in multiple distributions, with later distributions occurring after disputed Claims are resolved and reserves are released.

As provided in the Plan, in order to receive the Distribution provided in the Plan, you must (i) acknowledge and agree to the amount of your Claim(s), (ii) acknowledge and agree that you are bound by the terms and conditions of the Plan and the Confirmation Order, and (iii) acknowledge and agree that all of your Claims, demands, liabilities, other debts against, or Interests in, the Debtors (other than those created by the Plan) have been discharged and enjoined in accordance with Article IX of the Plan, as provided in Section 8.17 of the Plan.

You must execute and return this form to the following address to receive any Distributions under the Plan:

Arcapita Bank B.S.C.(c) – Creditor Acknowledgment
c/o GCG
P.O. Box 9881
Dublin, Ohio 43017-5781
Attention: Arcapita Bank B.S.C.(c) Creditor Acknowledgment

Item 1. Amount of Claims. The undersigned is the Holder of [_____] Claims against the Debtors and in the aggregate amount(s) set forth below:

Arcapita Bank B.S.C.(c)	$____[TO BE PREPRINTED BY GCG]____
Arcapita LT Holdings Limited	$____[TO BE PREPRINTED BY GCG]____
WindTurbine Holdings Limited	$____[TO BE PREPRINTED BY GCG]____
AEID II Holdings Limited	$____[TO BE PREPRINTED BY GCG]____
RailInvest Holdings Limited	$____[TO BE PREPRINTED BY GCG]____

Item 3. Certifications and Acknowledgments. By signing this Creditor Acknowledgment and Release, the undersigned acknowledges, agrees and certifies that:

(a) As of the date of the Holder's execution of this Creditor Acknowledgment and Release, the undersigned is the Holder of a [_____] Claim(s) in the amount(s) set forth in Item 1 and has the power and authority to execute this Creditor Acknowledgment and Release with respect to such Claim(s);

(b) The undersigned acknowledges that the Holder shall receive the Distribution to be provided to those Holders with Allowed Claims in Class [___] as set forth in the Plan, in full satisfaction, release and discharge of, and in exchange for, the Holder's Claim(s) set forth in Item 1.

(c) The undersigned agrees to be bound by the terms and conditions of the Plan and the Confirmation Order;

(d) The undersigned acknowledges that all of the undersigned's Claims, demands, liabilities, other debts against, or Interests in (other than those created by the Plan), the Debtor(s) (other than AIHL and Falcon) have been discharged and the prosecution and further collection of those Claims is enjoined in accordance with Article IX of the Plan, as provided in Section 8.17 of the Plan;

(e) The undersigned has carefully read this Creditor Acknowledgment and Release and has had the opportunity, if the undersigned desired to do so, to consult legal counsel and other advisors; and

(f) The undersigned acknowledges that this Creditor Acknowledgment and Release is binding on the undersigned's successors, heirs and assigns including, without limitation, any transferee.

To receive Distribution under the Plan, you must execute this Creditor Acknowledgment and Release and return it to the address provided above.

Name of Creditor (Please Print): _____

Authorized Signature: _____

Name of Signatory (Please Print): _____

Street Address: _____

_____

City, State/Territory, Country, Postal Code: _____

Telephone Number: _____

Email Address: _____

Date Signed: _____

EXHIBIT J
SENIOR MANAGEMENT GLOBAL SETTLEMENT TERM SHEET

SENIOR MANAGEMENT GLOBAL SETTLEMENT TERM SHEET

TERM	SENIOR MANAGEMENT GLOBAL SETTLEMENT TERMS	
Potential Participants		
Senior Management	Atif Abdulmalik; Henry Thompson; Mohammed Chowdhury; Martin Tan; Essa Zainal; and Hisham Al-Raee (collectively, to the extent they meet program eligibility requirements and elect to participate, the "***Participating Employees***").	
Economics		
IPP/IIP Loan Repayment	**GLOBAL SETTLEMENT: INVESTMENT PARTICIPATION PROGRAM ("*IPP*")**	**GLOBAL SETTLEMENT: INVESTMENT INCENTIVE PROGRAM ("*IIP*")**
	At termination of employment, Participating Employees will satisfy outstanding loan obligations to Arcapita Bank B.S.C.(c) ("***Arcapita***") under the IPP by transferring to the Arcapita Group: i. A portion of the deal shares directly or indirectly held through Arcapita Incentive Plan Limited, a Cayman entity ("***AIPL***"), in respect of Arcapita Group[1] investments ("***AIPL Deal Shares***") with a purchase price equal to such outstanding loan obligations;[2] and ii. A pro-rata portion of any such AIPL Deal Shares that have vested due to the Participating Employee having five or more years of employment.[3] Partial repayment is not available. Swap of outstanding obligations in return for AIPL Deal Shares is available for all or none of the Arcapita Group investments in which the Participating Employee holds any interest.	At termination of employment, Participating Employees will satisfy all obligations under IIP "Contingent Loss Reimbursement Agreements" by transferring to Arcapita: i. The profits interests corresponding to their "unpaid" shares[4] under the IIP; and ii. A pro-rata portion of the deferral account that has vested due to the Participating Employee having five or more years of employment, and any profits interests corresponding to any such accruals. Partial repayment is not available. Swap of outstanding obligations in return for deferral account and profits interests is available for all or none of the Arcapita Group investments in which the Participating Employee holds any interest.

1 The "***Arcapita Group***" means Arcapita along with its debtor and non-debtor subsidiaries.

2 AIPL Deal Shares used to reduce a Participating Employee's loan obligation are valued for purposes of such reduction at the investment cost.

3 For example, if 30% of the obligations remain outstanding, 30% of such shares associated with such obligations must be returned to Arcapita.

4 For these purposes, the "unpaid" portion of a share under the IIP is equal to the difference between the balance of the deferral account and the investment cost with respect to such share.

Investment Post-Settlement	Participating Employees shall retain all AIPL Deal Shares not used to reduce such Participating Employee's loan obligation.	Participating Employees shall retain their profits interests in respect of their "paid" shares under the IIP (subject to (ii) above). Remaining IIP deferral account interests are exchanged for AIPL shares having the same value (based on the current fair value mark), reduced for applicable tax withholdings.
Notice and Severance Payments	AIM Group Limited shall assume all severance obligations in favor of Participating Employees. In addition, Participating Employees shall agree to an aggregate four-month cap on combined statutory and contractual notice and severance payments (less any employee loans owed by the applicable Participating Employee to the Arcapita Group), which capped payments shall be immediately due and payable at termination of employment, unless otherwise agreed between AIM Group Limited and a Participating Employee.	
Bonus Payments	The Participating Employees shall waive their claims against the members of the Arcapita Group in respect of any announced but unpaid 2011/2012 pre-petition bonuses.	
Employee Release	To the full extent permissible under applicable law, Participating Employees shall agree to release the members of the Arcapita Group from all severance, bonus and other employment related claims, including claims related to the termination of any employment contracts. Notwithstanding the foregoing, the following claims shall not be released by the Participating Employees: (i) each of the Participating Employee's rights to indemnification from the members of the Arcapita Group, and (ii) the claims of Atif Abdulmalik, Mohammed Chowdhury, and Essa Zainal as depositor/investor with Arcapita Bank, which claims will receive treatment pursuant to the Plan to the extent Allowed.	

EXHIBIT K
SHAREHOLDER ACKNOWLEDGMENT AND ASSIGNMENT

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

SHAREHOLDER ACKNOWLEDGMENT AND ASSIGNMENT

On April 25, 2013, Arcapita Bank B.S.C.(c) ("***Arcapita Bank***") and its affiliated debtors and debtors in possession (collectively, the "***Debtors***") filed their (i) *Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors Under Chapter 11 of the Bankruptcy Code* (including all exhibits thereto and as amended, modified or supplemented, the "***Plan***"), and (ii) *Second Amended Disclosure Statement in support of the Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors Under Chapter 11 of the Bankruptcy Code* (including all exhibits thereto and as amended, modified or supplemented from time to time, the "***Disclosure Statement***").[1] By order dated April 26, 2013 [Docket No. 1045], the United States Bankruptcy Court for the Southern District of New York (the "***Bankruptcy Court***") approved the Disclosure Statement and authorized the Debtors to solicit votes accepting or rejecting the Plan.

This Shareholder Acknowledgment and Assignment is being sent to you because according to the transfer ledger or similar register of Arcapita Bank, as of the Record Date set forth in the Plan, you hold a Share in Arcapita Bank (the "***Arcapita Bank Shares***" or "***Shares***"). As described in the Notice to Holders of Equity Interests in Arcapita Bank B.S.C.(c) and the Disclosure Statement, the Plan provides you with the option of transferring your Arcapita Bank Shares to New Arcapita Bank Holdco in exchange for warrants (the "***Transferring Shareholder Warrants***") issued by New Arcapita Topco.

Pursuant to the Plan, and as described in the Notice to Holders of Equity Interests in Arcapita Bank B.S.C.(c) and the Disclosure Statement, you will only be entitled to receive the Transferring Shareholder Warrants if each of the Warrant Issuance Conditions is satisfied.

IMPORTANT: In order to be eligible to receive the Transferring Shareholder Warrants, you must return this Shareholder Acknowledgment and Assignment to GCG, Inc., the Debtors' Balloting and Claims Agent, so that it is *actually received* on or before the Effective Date of the Plan at the following address:

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[1] Copies of the Plan and Disclosure Statement are available free of charge at http://www.gcginc.com/cases/arcapita as described in more detail on page 5 of this Notice. Capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings given to them in the Plan or the Disclosure Statement.

(a) If by first class mail:

Arcapita Bank B.S.C.(c) – Assignment Agreement
c/o GCG
P.O. Box 9881
Dublin, Ohio 43017-5781
Toll Free: (800) 762-7029
International: +1 (440) 389-7311

(b) If by overnight courier or hand delivery:

Arcapita Bank B.S.C.(c) – Assignment Agreement
c/o GCG
5151 Blazer Parkway, Suite A
Dublin, Ohio 43017-5781
Toll Free: (800) 762-7029
International: +1 (440) 389-7311

If and only if the Effective Date of the Plan occurs and the Warrant Issuance Conditions are satisfied (including the condition that Holders of more than 50% of the Shares execute and return the Shareholder Acknowledgment and Assignment prior to the Effective Date of the Plan) but you did not execute and return the Shareholder Acknowledgment and Assignment prior to the Effective Date, you may still exchange your Shares for the Transferring Shareholder Warrants if you execute and return the Shareholder Acknowledgment and Assignment on or prior to the first anniversary of the Effective Date of the Plan. Shareholder Acknowledgment and Assignment forms will not be accepted after that date.

Item 1. Number of Arcapita Bank Shares. The undersigned is the Holder of [TO BE PREPRINTED BY GCG] Shares in Arcapita Bank.

If you have transferred any of the Shares to another person or entity since the Record Date, you must forward a copy of this Shareholder Acknowledgment and Assignment to the transferee, and the transferee must return an executed copy of this Shareholder Acknowledgment and Assignment to the Debtors as provided below in order to receive the Transferring Shareholder Warrants in exchange for any Shares transferred.

Item 2. Conditions Precedent. The undersigned acknowledges that this Shareholder Acknowledgment and Assignment will only be binding and that the undersigned will only be entitled to receive the Transferring Shareholder Warrants if each of the Warrant Issuance Conditions is satisfied, including (i) the occurrence of the Effective Date, (ii) Holders of more than 50% of the Shares in Arcapita Bank having agreed to transfer their Shares to New Arcapita Bank Holdco prior to the Effective Date, and (iii) the Bankruptcy Court not otherwise having determined that the Plan cannot be confirmed because of the transaction contemplated by this Shareholder Acknowledgment and Assignment.

Item 3. Acknowledgment and Assignment. By signing this Shareholder Acknowledgment and Assignment, the undersigned acknowledges and certifies that:

(a) As of the Record Date, the undersigned is the Holder of the Shares in the amount(s) set forth in Item 1 and has the power and authority to execute this Shareholder Acknowledgment and Assignment with respect to the Shares;

(b) In exchange for the Transferring Shareholder Warrants and subject to the Conditions Precedent set forth in Item 2, the undersigned agrees to transfer the Shares to New Arcapita Bank Holdco (or such other entity as directed by the Debtors on the Effective Date of the Plan) and authorizes the Debtors or their designee to take any and all actions necessary to effectuate the transfer and otherwise complete the transactions contemplated by the Plan and the Implementation Memorandum (each as amended, supplemented or otherwise modified from time to time);

(c) The undersigned has carefully read this Shareholder Acknowledgment and Assignment and the Notice to Holders of Equity Interests in Arcapita Bank B.S.C.(c); and

(d) This Shareholder Acknowledgment and Assignment is binding on the undersigned's successors, heirs and assigns including, without limitation, any transferee.

Name of Interest Holder (Please Print): _____

Authorized Signature: _____

Name of Signatory (Please Print): _____

Street Address: _____

_____

City, State/Territory, Country, Postal Code: _____

Telephone Number: _____

Email Address: _____

Date Signed: _____

EXHIBIT L
COOPERATION SETTLEMENT TERM SHEET

SYNDICATION COMPANIES AND REORGANIZED ARCAPITA
SETTLEMENT TERM SHEET

This term sheet (the "***Term Sheet***") describes the material terms of an agreement among the Debtors, AIM, the Syndication Companies and, after the Effective Date of the Plan, Reorganized Arcapita (each as defined below) relating to the sale or other disposition of the portfolio investments identified on Exhibit A (each, an "***Investment***" and, collectively, the "***Investments***"). As set forth on Exhibit A, the Investments are divided into two categories, the "***Major Investments***" and the ***"Minor Investments***." It will be a condition precedent to the effectiveness of this Term Sheet that Arcapita Bank will continue to be an "affiliate" of the Arcapita Group through and after the effective date of the Plan (the "***Effective Date***") as a result of the transfer of 50.01% of the shares in Arcapita Bank to New Arcapita Bank Holdco, provided that such condition precedent may be waived in writing by the UCC (as defined below) in its sole discretion. Absent further agreement by the parties hereto, the agreement evidenced by the Term Sheet will become effective on the Effective Date of a consensual Plan that implements all of the provisions of this Term Sheet, including those described on Exhibit B attached hereto, which the Debtors (as defined below) and the UCC agree describes their agreement with respect to certain issues that will be incorporated into the Plan.

The transactions described in this Term Sheet are subject to conditions to be set forth in definitive documents and to the approval by the United States Bankruptcy Court for the Southern District of New York (the "***Bankruptcy Court***"). This Term Sheet is being presented for discussion and settlement purposes only and is entitled to protection from any use or disclosure to any person pursuant to Federal Rule of Evidence 408 and any similar rules. Nothing in this Term Sheet shall be construed as an admission of any fact or liability, a stipulation or a waiver, and each statement contained herein is made without prejudice, with a full reservation of all rights, remedies, claims and defences of the parties hereto.

Capitalized terms not defined in this Term Sheet have the meanings given to them in the joint plan of reorganization filed on February 8, 2013 (as may be amended or modified from time to time, the "***Plan***"), to be confirmed in the pending bankruptcy cases of the Debtors, and the related disclosure statement (the "***Disclosure Statement***").

PARTIES	
UCC	The Official Committee of Unsecured Creditors appointed in the Debtors' chapter 11 cases.
Debtors	The following companies which filed for protection under chapter 11 of the Bankruptcy Code: Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and Falcon Gas Storage Company, Inc. (collectively, the "***Debtors***").
Reorganized Arcapita	Refers to, and includes, (i) the entity that will be formed under the laws of the Cayman Islands on or prior to the date on which the Plan shall take effect (the "***Effective Date***") that will issue the New Arcapita Shares (such entity, "***New Arcapita Topco***") and will own, after the Effective Date, [substantially all of the issued and outstanding shares in an entity that will be formed under the laws of Bahrain ("New Bahraini Arcapita Holdco"), which will own] 100% of the issued and outstanding shares in New Arcapita Bank Holdco and 99.99% of the issued

	and outstanding shares in New Arcapita Holdco 1 and (ii) all other new entities to be formed in connection with implementation of the Plan, together with the Debtors, as reorganized pursuant to the Plan, and each of their subsidiaries. The formation of New Bahraini Arcapita Holdco as an intermediate subsidiary between New Arcapita Topco and New Arcapita Bank Holdco and New Arcapita Holdco 1, and regulation of New Bahraini Arcapita Holdco by the Central Bank of Bahrain ("***CBB***") and/or Bahrain Ministry of Industry and Commerce ("***MOIC***"), are subject to an acceptable resolution of the Bahrain structure and CBB and MOIC regulatory issues that are presently under discussion.
Syndication Companies	For each Investment, each Cayman Islands holding company through which the Arcapita Group initially syndicated the interests in the Investment to third-party investors, as described in the Disclosure Statement other than any such holding company which is wholly owned by a single investor who has not provided a proxy to Arcapita Investment Management Limited ("***AIML***") and/or does not currently have an administration agreement in place with AIML. For the avoidance of doubt, the term "Syndication Companies" shall include any PVs or PNVs which hold any interests in Transaction HoldCos as of the Effective Date.
Transaction HoldCos	For each Investment, the top-level holding company through which the Debtors (before the Effective Date of the Plan) and Reorganized Arcapita (after the Effective Date of the Plan), and the Syndication Companies each own their interests in the Investment.
LT CayCos	For each Investment, any Reorganized Arcapita entity that holds a direct equity interest in the Transaction HoldCo applicable to that Investment.
AIM and AIM Bahrain	AIM Group Limited, a Cayman Islands company that will be a party to the Management Services Agreement (as defined below). AIM will form and own, after the Effective Date, 99.99% of the issued and outstanding shares (with the remaining shares owned by another wholly owned newly formed Cayman Islands subsidiary of AIM) in an entity that will be formed under the laws of Bahrain (***"AIM Bahrain"***).
DISPOSITION COMMITTEES	
Purpose	For each Major Investment and Minor Investment (except for those Major Investments and Minor Investments in which there is a third party investor that is not a Syndication Company, a Debtor or one of its wholly-owned subsidiaries (each, a ***"Third-Party Investor"***)), the relevant Syndication Companies and the LT CayCos, as necessary, shall amend the articles of association or similar organizational documents of the applicable Transaction HoldCo (and/or enter into a shareholders' agreement or other arrangement) to provide that the shareholders' consent shall be required with respect to the sale or other disposition of (i) all of the interests in the Transaction HoldCo and (ii) all or substantially all of the assets directly or indirectly owned by the Transaction HoldCo, whether structured as a merger, consolidation, or otherwise (each, a "***Sale Approval***"). As of the Effective

	Date, the shareholders of each such Transaction Holdco shall have established a committee (each, a "***Disposition Committee***"), which shall have sole authority to make all decisions and give all approvals with respect to any Sale Approval. For each Major Investment and Minor Investment which has a Third-Party Investor, the relevant Syndication Companies and the LT CayCos, as necessary, shall either (x) obtain all necessary consents from each applicable Third-Party Investor to the establishment of the Sale Approval and the Disposition Committee and to the other rights and duties of the Majority Investors and the Minority Investors specified in this Term Sheet with respect to the sale or other disposition of the interests in or assets of the applicable Transaction Holdco and shall amend the relevant articles of association or similar organizational documents of the applicable Transaction HoldCo (and/or enter into a shareholders' agreement or other arrangement) to effectuate this result, or (y) enter into a shareholders' agreement or similar arrangement that implements, only as between the relevant Syndication Companies and the LT CayCos, their agreement with respect to the matters described in (x), above, subject to the existing rights of each applicable Third-Party Investor relating to such matters. The sole purpose of each Disposition Committee shall be to implement the sale or other disposition of the Investment or Investments to which it relates. The Major Investments will be sold in accordance with a disposition plan negotiated prior to the Effective Date by the Debtors and the UCC (each, a "***Disposition Plan***"). The Disposition Plan for each Major Investment will set forth the material conditions (the "***Sale Conditions***") applicable to the sale or other disposition of that Investment. Any material deviation from the Disposition Plan for a Major Investment may only be effected with the approval of a majority of each of the Majority Committee Members (as defined below) and the Minority Committee Members (as defined below) of the relevant Disposition Committee. Each Disposition Committee must accept or reject a Qualifying Third-Party Offer (as defined below) within 10 business days after receipt of such an offer, except as provided in paragraph 2 of "Sale Conditions" below, in which case, the Disposition Committee must accept or reject a Qualifying Third-Party Offer no later than 10 business days after the end of the 45-day marketing period provided for therein. Each Disposition Committee shall have sole discretion to determine whether or not to sell a Minor Investment upon receipt of a bona fide third-party offer, provided that if the consideration to be received pursuant to such offer is not all cash and in a currency that can be readily bought or sold without government restrictions (a "***Hard Currency***"), such offer may only be accepted by the Disposition Committee in the event the majority of the Minority Committee Members shall have consented with respect to the form of consideration.
Shareholder Representation	**1. DISPOSITION COMMITTEES** For each Major Investment, the Disposition Committee shall have seven members. For each Minor Investment, the Disposition Committee shall have seven members or such fewer number as may be agreed by the parties and as described in Exhibit A. Representation of Reorganized Arcapita and the Syndication Companies on each Disposition Committee shall be as provided in Exhibit A. Reorganized

	Arcapita or the Syndication Companies may elect to have as few as one designee to each Disposition Committee, in which case such designee(s) shall, in the aggregate, have the number of votes on such Disposition Committee as is allocated to Reorganized Arcapita or the Syndication Companies with respect to such Disposition Committee For each Disposition Committee, Reorganized Arcapita's designees are referred to in this Term Sheet as the "***Reorganized Arcapita Committee Members***," and the Syndication Companies' designees are referred to in this Term Sheet as the "***Co-Investor Committee Members***." For each Disposition Committee, the group of members (whether the Reorganized Arcapita Committee Members or the Co-Investor Committee Members) which constitutes the majority in number of votes are referred to in this Term Sheet as the ***"Majority Committee Members***" and the group of members which constitutes the minority in number of votes are referred to as the "***Minority Committee Members***." **2. GENERAL** In this Term Sheet, references to the majority, or to obtaining the majority approval, of the Majority Committee Members or the Minority Committee Members shall mean obtaining the approval of 50% or more of the relevant group Committee members. The initial Co-Investor Committee Members of the Disposition Committees shall be designated by the Syndication Companies within 10 business days after the Effective Date. The initial Reorganized Arcapita Committee Member(s) shall be designated by the New Arcapita Topco Board within 10 business days after the Effective Date. At such time as Reorganized Arcapita, on the one hand, or the Syndication Companies, on the other hand, no longer own any equity interests in a particular Investment or any obligations related to such Investment, the Reorganized Arcapita Committee Members or Co-Investor Committee Members, as applicable, shall resign from the relevant Disposition Committee. By way of example, if Reorganized Arcapita no longer owns any equity interests in a particular Investment but any obligations, including WCF Obligations or Post-Exit WCF Obligations (each as defined below), remain owing to Reorganized Arcapita by the Transaction HoldCo or any of its direct or indirect subsidiaries, the Reorganized Arcapita Committee Members shall not be required to resign from the relevant Disposition Committee.
CBB Oversight and Regulatory Role	The CBB will regulate AIM Bahrain in accordance with applicable CBB regulatory requirements. The formation of New Bahraini Arcapita Holdco as an intermediate subsidiary between New Arcapita Topco and New Arcapita Bank Holdco and New Arcapita Holdco 1, and regulation of New Bahraini Arcapita Holdco by the CBB and/or MOIC, are subject to an acceptable resolution of the Bahrain structure and CBB and MOIC regulatory issues that are presently under discussion.
Bankruptcy Court Jurisdiction	Notwithstanding anything in this Term Sheet to the contrary, enforcement of the Plan will be subject to the jurisdiction of the Bankruptcy Court.

Authorization of Sale Approvals	As of the Effective Date, the articles of association (or similar organizational documents) of each Transaction HoldCo shall be amended (i) to reserve to the shareholders all authority with respect to any Sale Approval and (ii) to provide that the shares of each shareholder shall be voted in support of any Sale Approval recommended by the Disposition Committee for that Investment. Nothing herein shall obligate Reorganized Arcapita or the Syndication Companies to violate any agreement with any Third-Party Investor , nor does it permit Reorganized Arcapita or the Syndication Companies to give rights to any third parties, including any Third-Party Investor, without the unanimous consent of the relevant Disposition Committee.
Disposition Expenses	All expenses relating to (i) the conduct of each Disposition Committee (which shall include the reasonable out-of-pocket expenses incurred by the members thereof, but shall not include any compensation paid to any member for serving on a Disposition Committee, the obligation for which shall be the sole responsibility of the entity that designated such member to serve on the Disposition Committee), (ii) maintaining the existence of the Reorganized Arcapita and Syndication Company structures relevant for the Investments and liquidating or winding up existing legal entities in such structures or for investments sold prior to the Effective Date, as appropriate (which shall include filing fees, corporate secretary fees, legal fees, registered office fees and expenses, and similar items), in each case consistent with the past practices of Reorganized Arcapita and without duplication of any costs or expenses to be borne by AIM under the Management Services Agreement (as defined below), but only until the sale, disposition or other liquidation or winding up of the applicable Investment, and (iii) the marketing, sale or other disposition of each Investment, including the fees and expenses of the Investment Banks (as defined below), provided, however, that the relevant Disposition Committee must first obtain the consent of the majority of the Minority Investor Committee Members prior to incurring Disposition Expenses in respect of any individual Investment in excess of $250,000 (clauses (i) through (iii) collectively, the "***Disposition Expenses***"), shall be funded by Reorganized Arcapita, to the extent they are not funded by the applicable Transaction Holdco or its subsidiaries. Reorganized Arcapita shall be entitled to earn a profit rate on Disposition Expenses in excess of $2.5 million funded by Reorganized Arcapita at the rate of (i) 15% prior to the date the Exit Facility is repaid in full and (ii) 5% thereafter. The Disposition Expenses shall be allocated to the Investments to which they relate and repaid from the proceeds distributable from the sale of such Investments as provided in "General Conditions" below. All Disposition Expenses shall be allocated pro rata to the shareholders of the Transaction HoldCo for the relevant Investment.
Minority Investor Protections	On the Effective Date, the articles of association (or similar organizational documents) of the Transaction HoldCo for each Major and Minor Investment shall be amended to provide the minority investors (whether Reorganized Arcapita or the relevant Syndication Companies) (the "***Minority Investor*,**" with the other investor being the "***Majority Investor***") with the following minority protections to

	the extent consistent with the other provisions of this Term Sheet: o Transaction HoldCo board observer rights; o One Reorganized Arcapita seat on the "legacy book" investment committee of AIM, applicable only to Reorganized Arcapita Committee Members; o Information rights with respect to the operating companies of each Major or Minor Investment; o *Restricted Actions*. Without the Minority Investor's consent, the Transaction HoldCo and its direct and indirect subsidiaries shall be prohibited from taking certain material actions, including: • With respect to a Major Investment, any Sale Approval, unless such Sale Approval is consistent with the applicable Disposition Plan, or with respect to a Minor Investment, such Sale Approval is approved by the applicable Disposition Committee; • The liquidation, dissolution or winding up of the Transaction HoldCo, or any direct or indirect subsidiary, except (i) if the Minority Investor receives at least the consideration set forth in the Disposition Plan in the case of a Major Investment, then no additional approvals shall be required or (ii) in the event of a liquidation, dissolution or winding up of a subsidiary, certain other limited exceptions apply; • Distributions or dividends to shareholders by the Transaction HoldCo, subject to certain thresholds; • Transactions with AIM, the Syndication Companies, investors in any Syndication Companies and/or any of their respective affiliates that are not otherwise contemplated by the Plan, this Term Sheet or the Disposition Plans; and • Any amendments or modifications to the organizational documents of the Transaction HoldCo or its direct or indirect subsidiaries that materially and adversely affect the Minority Investor's interests. o Without the Minority Investor's consent, each Transaction HoldCo (listed on a schedule which is mutually agreed by the Syndication Companies, Debtors and the UCC no later than the date the Plan Supplement is due), and such Transaction HoldCo's direct and indirect subsidiaries, shall be prohibited from taking the following material actions: • Incurrence of third party indebtedness for borrowed money (other than indebtedness incurred in the ordinary course of business) such that the aggregate amount of such third party indebtedness exceeds the aggregate amount outstanding as of the Effective Date by a margin of more than 25%; • Acquisitions or joint ventures other than those entered into in the ordinary course of business or acquisitions or joint ventures with an aggregate value that does not exceed the dollar amounts listed on the above-referenced schedule. o Tag-along rights; o The Minority Investor will be subject to drag-along rights; o Preemptive rights; and o Transfer Restrictions, with customary carve-outs for internal transfers and similar transactions.
New Arcapita	Initial membership of the New Arcapita Topco Board to be designated by the UCC in the Plan and filed with the Bankruptcy Court by the date the Plan Supplement is

Topco Board	filed. The New Arcapita Topco Board will determine the Reorganized Arcapita designee(s) of each Disposition Committee.
DISPOSITION PLANS	
Major Investments	For the avoidance of doubt, the provisions summarized under the caption "Disposition Plans" of this Term Sheet shall apply only with respect to the Major Investments, and not with respect to any Minor Investments.
Disposition Date	Prior to the Effective Date, the Debtors and the UCC shall determine by mutual agreement the date by which the Disposition Committees are required to have completed a sale process for each Major Investment as set forth on Exhibit A (the "***Disposition Date***"). The Disposition Date may only be changed with the consent of a majority of both the Majority Committee Members and the Minority Committee Members. Each Disposition Committee, in consultation with the Advisor Investment Banks (as defined below), shall determine the proper timing and methodology for the marketing of the relevant Major Investment; provided, however, that the marketing period, if any, for each Major Investment shall begin no later than six months before the relevant Disposition Date.
Investment Banks/Brokers	Each Disposition Committee shall identify one or more investment banks or, in the case of real estate Investments, brokers (the ***"Advisor Investment Banks***") for the relevant Major Investment upon the vote of the majority of each of the Majority Committee Members and Minority Committee Members. The Advisor Investment Banks, under the supervision and direction of the Disposition Committee, will market the Major Investment for a sale or other disposition in accordance with the Disposition Plan. The Investment Banks (as defined below) shall be engaged by and report to the relevant Disposition Committee. Expenses incurred by the Investment Banks, including the fees associated with retaining the Investment Banks, shall be treated as Disposition Expenses.
Minimum Sale Price	Prior to the Effective Date, the Debtors and the UCC will work in good faith to agree on the minimum sale price (the ***"Minimum Sale Price"***) for each Major Investment. If the Debtors and the UCC have not agreed on the Minimum Sale Price by the Effective Date, then within five business days of the Effective Date the relevant Disposition Committee, with the consent of a majority of the Minority Committee Members, shall retain two investment banks (the ***"Valuation Investment Banks"*** and, together with the Advisor Investment Banks, the ***"Investment Banks")*** to prepare an updated valuation for purposes of setting an appropriate Minimum Sale Price. The Valuation Investment Banks will each prepare a valuation for such relevant Major Investment on or before September 1, 2013. The Minimum Sale Price for the relevant Major Investment will equal the average of these two valuations. The Minimum Sale Price for any Major Investment may only be changed with the consent of the majority of each of the relevant Majority Committee Members and Minority Committee Members.
Sale Conditions	Unless a majority of each of the Majority Committee Members and the Minority Committee Members determines otherwise, as part of the Disposition Plan for each

	Major Investment, the relevant Disposition Committee, in consultation with the relevant Advisor Investment Bank, shall conduct a marketing process for such Major Investment. Each Disposition Committee, acting consistently with the Disposition Plan, shall have sole discretion to determine whether or not to sell a Major Investment upon the receipt of a Qualifying Third-Party Offer for such Major Investment . A "***Qualifying Third-Party Offer***" shall mean, with respect to a Major Investment, a bona-fide, third party, all cash offer in a Hard Currency for such Major Investment that meets or exceeds the applicable Minimum Sale Price, provided that if the consideration to be received pursuant to such offer is not all cash and in a Hard Currency, such offer will be deemed to be a Qualifying Third Party Offer if the majority of the Minority Committee Members shall have consented with respect to the form of the proposed consideration. **1. SALE CONDITIONS PRIOR TO THE DISPOSITION DATE:** Each Disposition Committee shall have authority to sell a Major Investment upon the vote of a majority of its members (which shall include a majority of the Majority Committee Members) only if one of the following conditions has been satisfied: (i) the sale is to be made pursuant to a Qualifying Third-Party Offer; or (ii) a majority of the Minority Committee Members approves the terms and conditions of the proposed transaction. If a majority of the Disposition Committee members (which shall include a majority of the Majority Committee Members) vote to sell a Major Investment pursuant to a Qualifying Third-Party Offer, then the Disposition Committee will have authority to sell the Major Investment, subject to the rights of any third parties, and without the consent of the Minority Committee Members. If a Disposition Committee or its agent receives an offer to purchase a Major Investment at a price in excess of the Minimum Sale Price, the recipient of such offer must disclose it in writing to each member of the Disposition Committee. For the avoidance of doubt, the receipt of such offer will not, in and of itself, obligate the Disposition Committee to authorize a sale of the Major Investment nor be interpreted to require or permit the Minority Investors to invoke the Put Option (as defined below). The Disposition Committee may accept an offer below the Minimum Sale Price only if prior consent is provided by a majority of each of the Majority Committee Members and the Minority Committee Members. If a sale offer at or above the Minimum Sale Price is not accepted on or prior to five business days after the Disposition Date or a sale offer below the Minimum Sale Price is not accepted because such requisite prior consent is not obtained, then the Disposition Date will automatically be extended by one year, provided that the Disposition Date will not be extended if the Disposition Committee has accepted a Qualifying Third-Party Offer, and the sale of the Investment pursuant to such Qualifying Third-Party Offer is consummated within sixty (60) days after acceptance. The Disposition Date shall not be extended more than two times. **2. SALE CONDITIONS AFTER THE INITIAL DISPOSITION DATE**

	The provisions of this subsection 2 shall only apply to Dispositions of Major Investments after the expiration of the initial Disposition Date. If a Qualifying Third-Party Offer is received and a majority of the Majority Committee Members vote to approve the sale, then the Disposition Committee shall be authorized to sell the Major Investment pursuant to such Qualifying Third-Party Offer without the need to obtain the consent of the Minority Committee Members or the Minority Investors. If a Qualifying Third Party Offer for a Major Investment is received pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, and a majority of the Majority Committee Members vote not to sell the Major Investment, then the Minority Investors shall have a put option (the "***Put Option***") as described below. If a Qualifying Third-Party Offer for a Major Investment is received other than pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, then the Majority Investors may, in consultation with the applicable Advisor Investment Bank, for up to 45 days after receipt of such Qualifying Third Party Offer, market such Major Investment in accordance with the applicable Disposition Plan, prior to determining whether or not to sell the Major Investment, and if the majority of the Majority Investors vote not to sell such Major Investment pursuant to such Qualifying Third Party Offer, then the Put Option shall be exercisable by the Minority Investors as described below. The Put Option shall obligate the Majority Investors (or, in the sole discretion of the Majority Investors, some subset thereof, or their assignees) to purchase the Minority Investors' interests in the Major Investment (whether such interests be in the form of equity, WCF or similar obligations) in exchange for payment to the Minority Investors of the same aggregate amount of consideration as such Minority Investors would have received if the Qualifying Third Party Offer had been accepted. Pursuant to the Put Option, the Minority Investors shall have the right to sell to the Majority Investors none, some or all of their interests in such Major Investment, provided that the Minority Investors must tender such interests (the ***"Put Offer"***) to the Majority Investors no later than 10 business days after the Majority Investors shall have given the Minority Investors written notice that they have decided not to sell to the third party purchaser making the Qualifying Third Party Offer. If such Qualifying Third-Party Offer is received other than pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, then the Minority Investors may cause the Majority Investors to conduct a marketing process for the applicable Investment, in consultation with the applicable Advisor Investment Bank, for up to 45 days after receipt of the Put Offer and in accordance with the applicable Disposition Plan. No later than 10 business days after the end of such marketing period, the Minority Investors must elect to whether or not to make a Put Offer in respect of such Investment. The Majority Investors (or, in the sole discretion of the Majority Investors, some subset thereof, or their assignees) shall have a period of 20 business days after the end of the applicable 10 business day period to close the purchase of any interests put to them by the Minority Investors pursuant to the Put Offer. If a Minority Investor elects to retain all or any portion of its interests after the Put Option has been exercised, the Put Option will cease to

	exist with respect to the retained interests of such Minority Investor in such Major Investment. In the event that the Majority Investors fail to close the purchase of any interests put to them by the Minority Investors pursuant to the Put Offer (a "***Put Failure***"), then, without the need to obtain the consent of the Majority Committee Members or the Majority Investors, the majority of the Minority Committee Members shall be authorized to (i) engage in a marketing process for the Investment and (ii) sell or otherwise dispose of such Investment pursuant any bona fide third-party offer. Additionally, upon the ultimate sale or other disposition of such Investment, the Minority Investors shall be entitled to receive out of the net proceeds attributable to the Majority Investors' interest therein any actual damages suffered by the Minority Investors resulting from the Put Failure, including (a) the difference between the aggregate consideration that would have been received by the Minority Investors under (x) the rejected Qualifying Third-Party Offer and (y) the ultimate sale or other disposition of the Investment; and (b) all reasonable costs and expenses incurred by the Disposition Committee and the Minority Investors in selling such Investment following the Put Failure. If no Qualifying Third Party Offer is received prior to the initial Disposition Date then, during any subsequent disposition period, the Disposition Committee may reduce the Minimum Sale Price with the consent of a majority of each of the Majority Committee Members and the Minority Committee Members. Regardless of whether the Minimum Sale Price is reduced, the Put Option will remain in effect.
GENERAL CONDITIONS	
General Conditions	In order to maximize the value of the Investments, prior to the disposition of an Investment (a) Reorganized Arcapita will keep in place (and, upon expiration, agree to rollover, on substantially the same terms, but in any event, terms that shall not be adverse to Reorganized Arcapita in any material respect relative to such expiring agreement, for no additional fee) working capital murabaha agreements in place with respect to such Investment as of the Effective Date (the "***WCF Obligations***"), and (b) the parties to the existing management agreements in effect between the non-debtor management company affiliates of the Debtors and the Transaction HoldCos and/or their subsidiaries, and the existing administration agreements between AIML and each Syndication Company (collectively, the "***Management Agreements***"), will agree to keep such Management Agreements in place (and, upon expiration, renew such Management Agreements, on substantially the same terms, but in any event, terms that shall not be adverse to AIML or the applicable Syndication Companies in any material respect relative to such expiring agreement, for no additional fee). Upon the prior consent of a majority of the Majority Committee Members and a majority of the Minority Committee Members, a Transaction Holdco or its direct or indirect subsidiaries, as applicable, may pay down or refinance the WCF Obligations. Prior to any distribution on account of equity interests owned in connection with an Investment, the net proceeds from any sale, assignment or other disposition of such Investment shall be applied to repay any (a) payables or Management

	Obligations (as hereinafter defined) owed in connection with such Investment, (b) WCF Obligations or Post-Exit WCF Obligations (as defined below) owed with respect to such Investment, and (c) Disposition Expenses owed with respect to such Investment. In determining the distribution of net proceeds, obligations shall receive distributions in their order of structural seniority. It is understood that Post-Exit WCF Obligations (as defined below) shall have the same seniority as the WCF Obligations and that Disposition Expenses shall be paid in full prior to any distributions made on account of the equity of the applicable Transaction HoldCo or Performance or Incentive Fees (both as defined below). Notwithstanding the foregoing and provided the other conditions for sale of an Investment set forth in this Term Sheet are satisfied, an Investment may be sold even if the net sale proceeds are insufficient to pay in full the obligations described in this paragraph. To the extent that a WCF Obligation existing on the Effective Date or a WCF entered into by the relevant Syndication Company (or its assignee, including AIM) and Reorganized Arcapita after the Effective Date (a ***"Post-Exit WCF Obligation")*** is proposed to remain in place subsequent to disposition of an Investment, the consent of the parties to that WCF Obligation or Post-Exit WCF Obligation will be required. In the event of bankruptcy, receivership, liquidation, insolvency or similar administrative proceeding of the Transaction HoldCo or any of its direct or indirect subsidiaries related to an Investment, any forbearance by Reorganized Arcapita or any Syndication Company (or its assignee, including AIM) from exercising any of its rights with respect to any obligations held by it in respect of such Investment shall immediately terminate. For the avoidance of doubt, the provisions summarized under the caption "General Conditions" of this Term Sheet shall apply to all Investments, whether they are Major Investments or Minor Investments.
MANAGEMENT SERVICES AGREEMENT	
Services	Reorganized Arcapita shall enter into an agreement with AIM (the "***Management Services Agreement***"), relating to the provision by AIM (or any controlled subsidiary of AIM, or mutually agreed sub-servicers) of management and advisory services, as outlined in Exhibit C, relating to the Investments. The Plan shall transfer to AIM all rights to the use of the Arcapita name, trademarks and all related intellectual property. The Management Services Agreement shall be (i) governed by New York law; (ii) filed with the Bankruptcy Court by the Plan Supplement Date; and (iii) in form and substance reasonably acceptable to the UCC, Reorganized Arcapita and AIM. The Management Services Agreement shall provide that (i) AIM shall report all material information regarding the Investments to the Disposition Committees, including purchase offers, indications of interest and analyses provided by investment bankers whether or not prepared or received in connection with a marketing process conducted by a Disposition Committee and (ii) Reorganized Arcapita shall have the right, on reasonable notice and no more frequently than once per calendar quarter, to inspect the books and records of AIM related to Investments.

Term	The Management Services Agreement shall be entered into as of the Effective Date of the Plan and shall not be terminable for a period of five years after the Effective Date; provided, however that the New Arcapita Topco Board shall have the right to terminate the Management Services Agreement prior to the five-year period (i) for cause (to include fraud, gross negligence and wilful misconduct) or (ii) if, as a result of transactions approved by the applicable Disposition Committees, Reorganized Arcapita's assets under management ("AUM") by AIM (as measured by Reorganized Arcapita's share of the Minimum Sale Prices for the Major Investments and by the valuations provided by AIM for the Minor Investments) falls below $300 million, in the aggregate (a "***Convenience Termination***"); provided, however, that no Convenience Termination shall be effectuated prior to the expiration of the 18th month following the effective date of the Management Services Agreement (the "***Initial Term***"). The Management Services Agreement shall contain the parties' agreement with respect to key person events and incentive plans, which will be negotiated in good faith by the date the Plan Supplement is due.
Management Fees	Reorganized Arcapita shall pay AIM a management fee in respect of the Initial Term as follows: $6.67 million on the Effective Date and $3.33 million on each of the sixth, ninth, twelfth and fifteenth month anniversaries of the Effective Date, which total $20 million (the "***Base Management Fee***"). In addition to the Base Management Fee, during the Initial Term, AIM shall be entitled to a fee (the "***Enhanced Management Fee***") equal to (a) $10 million in the event Lusail is sold and Reorganized Arcapita receives (before payment of the $10 million Enhanced Management Fee attributable to Lusail) at least $[redacted] of the net sale proceeds thereof on or prior to the end of the Initial Term *plus* (b) 10% of the net sale proceeds received by Reorganized Arcapita on or prior to the end of the Initial Term in respect of any Investments other than Lusail during the Initial Term; provided, however, that the Enhanced Management Fee shall in no event exceed $20 million. Reorganized Arcapita shall pay AIM a management fee in respect of each 12 month period of the term of the Management Services Agreement after the Initial Term in an amount equal to 2% of Reorganized Arcapita's AUM (determined within 30 days before the beginning of each such period and six months thereafter), payable quarterly in advance; such amount shall be (a) prorated to the extent the management fees are in respect of a period less than twelve months, and (b) reduced effective as of the 30 day anniversary of the sale or other disposition of an Investment and Reorganized Arcapita shall get a rebate or credit against future fees equal to the pre-paid fees attributable to such Investment. The UCC and the Debtors will work cooperatively to reach an agreement, on or before the date the Plan Supplement must be filed on a mutually acceptable incentive compensation plan for the legacy deal team employees who will be employed by AIM. For the avoidance of doubt, such incentive compensation shall be funded solely by AIM. The management fees due to AIM will be reduced dollar for dollar if, and to the extent, (i) any management, administration or management services agreement entered into in connection with any Investment is terminated or modified by the

	counterparty to Reorganized Arcapita in such a manner as to adversely affect Reorganized Arcapita in any material respect, or (ii) Reorganized Arcapita's interest in an Investment is reduced or eliminated; provided, however, that during the Initial Term there shall not be any reduction in Management Fees as a result of a sale or disposition of any Investments pursuant to a Disposition Plan.
Incentive Fees	Reorganized Arcapita shall pay AIM incentive fees as follows: • 10% of any amounts received by Reorganized Arcapita in excess of $[redacted] plus a 10% IRR hurdle rate (beginning on June 30, 2013) in connection with the sale or other disposition of Lusail (the ***"Lusail Incentive Fee"***). • 7.5% of any amounts received by Reorganized Arcapita in respect of the sale or other disposition of any Investment (other than Lusail) to the extent such amounts exceed the current KPMG midpoint value (as reflected in the KPMG reports prepared in mid-2012) for such Investment *plus* a 10% IRR hurdle rate (calculated beginning on April 30, 2012) on such amount (the ***"Other Investments Current Incentive Fee"*** and, collectively with the Lusail Incentive Fee, the "***Current Pay Incentive Fees***"). The Current Pay Incentive Fees shall be payable upon the receipt by Reorganized Arcapita of such amounts. • 2.5% of all amounts received by Reorganized Arcapita in respect of the sale or other disposition of all of the Investments (other than Lusail) to the extent such amounts exceed the current KPMG midpoint value (as reflected in the KPMG reports prepared in mid-2012) for such Investment *plus* a 10% IRR hurdle rate (calculated beginning on April 30, 2012) on such aggregate amount (such fee, the "***Deferred Incentive Fee***"). The Deferred Incentive Fee, to the extent it is earned, shall be payable in full upon the final sale or other liquidation and winding up of all of the Investments or the termination of the Management Services Agreement pursuant to the Convenience Termination right, or at such earlier time as is agreed in the Management Services Agreement.
Other Costs	Reorganized Arcapita shall be responsible for the following: • payment, on the Effective Date or as soon thereafter as practicable, of any separation costs owed, pursuant to the Court approved Employee Program and Global Settlement Order, dated July 5, 2012 (the "***Key Employee Severance Order***"), to employees (other than any beneficiary of the Senior Management Global Settlement) of the Debtors, Arcapita Investment Management Limited ("***AIML***"), or their non-debtor affiliates (e.g., Arcapita Ltd. and Arcapita Inc.) as of the Effective Date of the Plan on account of their termination or deemed termination from such entities, (the "Separated Employees") up to a maximum aggregate amount of $8,800,000. Reorganized Arcapita shall receive credits as follows: o against any Incentive Fees or, as applicable, Base Management Fees owed by it to AIM, ▪ with respect to Separated Employees other than the

	member of management not covered by the Senior Management Global Settlement and Rehired Parties (as defined below): 50% of the difference between (i) the actual amounts paid to such Separated Employees, which amounts shall be consistent with the requirements in the Key Employee Severance Order, and (ii) the greater of (x) the amount such Separated Employees are entitled to receive under their employment contracts and (y) the statutorily required severance payable to such Separated Employees under the laws of the relevant jurisdictions in which such Separated Employees are based (which result in this subsection (ii) shall be referred to as the "***Minimum Severance Amounts***"); plus ▪ 50% of the difference between the actual amounts paid to the Rehired Parties (as defined below), which amounts shall be consistent with the requirements in the Key Employee Severance Order, and the Minimum Severance Amounts which would have been payable to such Rehired Parties, ▪ provided, however, that the amount of the credit determined in the foregoing two paragraphs shall be applied as follows: (a) first, up to a maximum of $900,000 against the Incentive Fees; and (b) thereafter, any excess against the Base Management Fees. o against the Base Management Fees owed by it to AIM, with respect to the member of management not covered by the Senior Management Global Settlement, 50% of the amount paid to him, which amount shall be consistent with the requirements of the Key Employee Severance Order; plus o against the Base Management Fees owed by it to AIM, with respect to Separated Employees that AIM or any of its subsidiaries employs, or retains as consultants, independent contractors (or other similar arrangement that, in any case, is substantially equivalent to full time employment), within 12 months after the Effective Date (the "***Rehired Parties***"), an amount equal to 50% of the Minimum Severance Amounts which would have been payable to such Rehired Parties. o provided, however, that Reorganized Arcapita shall be entitled to a minimum credit against the Base Management Fees owed and the Incentive Fees owed in respect of the Rehired Parties in the amount of not less than $1,950,000 but may be entitled to a larger credit based on the identity of the actual Rehired Parties. • Obligations. With respect to any Separated Employee who owes any loans, advances or other obligations to Reorganized Arcapita (other than the loans made pursuant to the IPP or IIP that shall be extinguished as part of the Global Settlement effectuated pursuant to the Key Employee

	Severance Order), Reorganized Arcapita will receive a credit against the Base Management Fees or Incentive Fees, as applicable, for any portion of Reorganized Arcapita's severance obligation satisfied through offset to, such loans, advances or other obligations as provided in the Key Employee Severance Order. Reorganized Arcapita shall receive a 100% credit against the Base Management Fees owed by it to AIM for any loans, advances or other obligations owed to Reorganized Arcapita (other than the loans made pursuant to the IPP or IIP that shall be extinguished as part of the Senior Management Global Settlement) by any beneficiary of the Senior Management Global Settlement. • For the avoidance of doubt, any separation costs owed to any beneficiary of the Senior Management Global Settlement shall be the sole responsibility of AIM. • Reorganized Arcapita will also be responsible for all costs and expenses listed on Exhibit D. AIM shall be responsible for all costs and expenses (a) related to the start-up of AIM, and (b) for the annual remuneration of the Shari'ah board. AIM shall pay Reorganized Arcapita the fair market value of any property of the Debtors to be acquired, used or leased by AIM as of the Effective Date. Notwithstanding the foregoing, in consideration of the services to be provided by AIM pursuant to the Management Services Agreement, the Debtors shall transfer to AIM, on the Effective Date, the name, trademarks and trade names of Arcapita. Each of Reorganized Arcapita and the Syndication Companies (or AIM or an affiliate, as may be agreed with the Syndication Companies) shall have the opportunity to provide its pro rata share of any working capital funding required by any of the Investments after the Effective Date at a profit rate not to exceed 15%.
Existing Management and Administration Agreements	The Management Agreements shall remain in effect after the Effective Date, and those Reorganized Arcapita entities shall continue to receive all fees (the "***Management Obligations***") currently payable to them pursuant to the terms of those agreements, except for the Performance Fees (as defined under the Management Agreements) payable by the Syndication Companies which shall be payable to AIM upon receipt of such fees by Reorganized Arcapita.

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EXHIBIT A TO TERM SHEET

Investments

EXHIBIT A

Major and Minor Investments[1]

Investment Name	Reorganized Arcapita Committee Members[2]	Co-Investor Committee Members[3]
Viridian	3	4
AEIY I	6	1
Bahrain Bay II	3	4
US Residential Dev II	6	1
Victory Heights	4	3
Tensar	4	3
US Residential Dev III	6	1
AEID II	6	1
AEID I	5	2
US Senior Living IV	2	5
AGUD I	2	5
Arcapita Ventures	3	4
Lusail	6	1
Honiton	6	1
Freightliner	2	5
AHQ Building	3	4
PODS	2	5
J. Jill	3	4
3PD	2	5
Varel	1	6

[1] Whether an Investment is a Major Investment or a Minor Investment is a matter of continuing discussion between the Parties. The final list of Major Investments and Minor Investments will be set forth in the Plan Supplement.

[2] For each Investment, Reorganized Arcapita, in its sole discretion, may elect to designate the number of members listed or, alternatively, one or more members who, collectively, are entitled to exercise the number of votes corresponding to the number of members listed.

[3] For each Investment, the Syndication Companies, in their sole discretion, may elect to designate the number of members listed or, alternatively, one or more members who, collectively, are entitled to exercise the number of votes corresponding to the number of members listed.

Investment Name	Reorganized Arcapita Committee Members	Co-Investor Committee Members
ArcJapan	6	1
Falcon/MoBay	6	1
Bijoux Terner	6	1
US Retail Yielding I	6	1
Cypress	6	1
India Business Park I	2	5
Luxury – CdC	6	1
Oman Logistics	4	3
India Business Park II	5	2
Meridian	1	6
India - Polygel (OT + PM)	6	1
Bahrain Bay	1	6
India – Idhasoft	6	1
US Residential Dev I	1	6
City Square	3	4
CEE Residential	6	1

EXHIBIT B TO TERM SHEET

Key Plan-Related Agreements

The parties to the Cooperation Term Sheet (the "***Parties***") have agreed to the following provisions in the Debtors' proposed chapter 11 plan (the "***Plan***") and/or related disclosure statement (and exhibits thereto) (the "***Disclosure Statement***") on file with the Bankruptcy Court. The agreement of the Parties to these terms is incorporated into the Cooperation Term Sheet by reference. Capitalized terms (including the reference to the Plan) used herein but not defined herein shall have the meanings ascribed to them in the Plan and Disclosure Statement, as applicable, filed by the Debtors with the Bankruptcy Court on February 8, 2013.

Plan Provision	**Agreement**
Releases and Exculpations Pursuant to Sections 9.2.1, 9.2.2, and 9.2.4 of the Plan:	The following parties shall receive releases and exculpations under the Plan from the Debtors other than Falcon: • Each of the Debtors (only Bank and AIHL released by Debtors) • Each of the Debtors' Affiliates (exculpation only) • The Committee and their members solely in their capacity as members of the Committee • The JPLs solely in their capacity as JPLs • Members of the Ad Hoc Group • SCB, if it votes to accept the treatment afforded to it under the Plan • CBB, in any capacity, including in its capacity as creditor and regulator • The investors in the Syndication Companies, the PVs, the PNVs, provided, however, that if any such investor is also a Placement Bank, such release shall be solely in its capacity as an investor, (releases only) • Holders of Interests in Bank (releases only) • The respective current and former officers, members of the board of directors, employees, managers (in their capacities as officers, members of the board of directors, employees, or managers, as applicable) of the Debtors and the Debtors' Affiliates. • Professionals, other professionals, and agents (in their capacities as Professionals, other professionals, or agents, as applicable), for services rendered during the pendency of the chapter 11 cases to or for the Debtors, the Debtors' Affiliates, the Committee, the JPLs, or

	the Ad Hoc Group, along with the successors, and assigns of each of the foregoing.
Third Party Releases Pursuant to Section 9.2.4 of the Plan	The Debtors will seek third-party releases from Holders of Claims and Interests (other than Holders of Claims and Interests in Falcon): The current and former officers, directors, employees, managers (in their capacities as officers, directors, employees, or managers, as applicable), Professionals, other professionals and agents (in their capacities as Professionals, other professionals or agents, as applicable, for services rendered during the pendency of the Chapter 11 Cases) to or for the Debtors or the Debtors' Affiliates.
Release of AHQ Cayman I Investors:	The Debtors shall release AHQ Cayman I Investors in connection with the HQ Settlement (described below).
Avoidance Action Releases:	The following parties shall receive releases from the Debtors (other than Falcon) from any Avoidance Actions under the Plan: • All recipients of the releases identified above • Each of the Debtors • Each of the Debtors' Affiliates • Qatar Islamic Bank Q.S.C. ("QIB"), in connection with the Lusail Transaction (if QIB and QInvest provide any required consents to the assumption and assignment of the QRE Letter Agreement, Lease and Option, each as defined in the Disclosure Statement) • QInvest LLC, in connection with the Lusail Transaction (if QIB and QInvest provide any required consents to the assumption and assignment of the QRE Letter Agreement, Lease and Option, each as defined in the Disclosure Statement) • Any Persons that have had funds on deposit with Arcapita Bank in a restricted investment account or an unrestricted investment account (other than Placement Banks or their Affiliates).
Standing to Pursue Certain Avoidance Actions:	The Debtors shall not oppose the UCC's standing to pursue avoidance actions against the Placement Banks (other than in the Placement Banks' capacities as investors in the Syndication Companies, the PVs, and the PNVs) and with respect to Arcapita Investment Holding Limited's guarantee of the Arcsukuk Facility.
Treatment of SCB under the Plan:	The treatment of SCB under the Plan shall be as set forth in the Plan and in the SCB Term Sheet, except to the extent that a different treatment is mutually agreed by the UCC and the Debtors or determined by the Bankruptcy Court.
Treatment of Other Creditors	The treatment of creditors (other than SCB and Convenience Claims) shall be as set forth in the Plan.
Convenience Class:	The treatment of Holders of Class 5(a) Claims who elect to participate in

	the Convenience Class Election shall be as set forth in the Plan, provided, however that there shall be a cap on payments on account of Convenience Class Claims of $9.7 million.
Treatment of Intercompany Claims:	Intercompany Claims shall be treated as set forth in the Plan.
Equity Term Sheet Provisions:	The "Voting Rights," "Directors and Corporate Governance", "Removal of Directors", "Vacancies on the Board", "Board Meetings", "Transfer of Shares and Warrants", "Information Rights", "Structure, Mechanics", "Funding", "Confidentiality and Announcements", "Amendments", "Indemnification" and "D&O Insurance" sections of the Equity Term Sheet attached as an Exhibit to the Disclosure Statement shall be applicable unless modified as specified by the UCC in a filing no later than the due date of the Plan supplement and after consultation with the Debtors, provided, however, that any modification (i) to the "Transfer of Shares and Warrants" section or to the first proviso of the first paragraph of the "Arcapita Group Boards" section, or (ii) that renders the Plan to be inconsistent with section 1123(a)(6) or would require the resolicitation of votes on the Plan, shall require the consent of the Debtors, not to be unreasonably withheld
Corporate Structure of Reorganized Debtors:	The Corporate Structure of the Reorganized Debtors shall be as set forth in the Plan and the Implementation Memorandum.
Allocations:	The allocation of consideration under the Plan to the various Classes of Claims and Interests shall be as set forth in the Plan.
HQ Settlement:	The HQ Settlement shall be as set forth below: • Arcapita Bank has agreed to waive and release any claim to recharacterize the HQ Lease or the Sale-Leaseback Transaction as a financing transaction. • The HQ Lease shall be treated as an unexpired lease under section 365 of the Bankruptcy Code and rejected as of the Effective Date. • AHQ and AHQ Cayman I shall waive any Administrative Expense Claim or General Unsecured Claim against any Debtor under the Plan. • The AHQ Cayman I Investors, on a pro rata basis to their ownership in AHQ Cayman I, shall be entitled to an Allowed Administrative Expense Claim against Arcapita Bank in the amount of $1.159 million. • The AHQ Cayman I Investors, on a pro rata basis to their ownership in AHQ Cayman I, shall be entitled to an Allowed Class 5(a) General Unsecured Claim against Arcapita Bank in the amount of $35.38 million (for accrued but unpaid pre-petition rent and damages arising from the rejection of the HQ Lease). • Pursuant to a new lease option, Reorganized Arcapita Bank shall have

	the option, which option shall be exercised no later than the date of the filing of the Plan Supplement, to enter into a new post-Effective Date lease (the "***New HQ Lease***") with AHQ on the following terms: • Term - 3 years commencing on the Effective Date. • Extension Terms - two additional one (1) year terms (for a total extension of 2 years). Each extension may be exercised by giving notice not later than 90 days before the end of the existing term. • Premises - One half floor of the HQ Building (approximately 1,750 square meters) for the initial term as well as any subsequent terms. • Rental Rate - Rental rate of approximately $1.50 per square foot per month for the first year increasing by 3% per annum thereafter for the remaining term including any extensions. In addition, there will be a 20% service charge (approximately $0.30 per square foot per month) and utility costs of approximately $0.75 per square foot per month. • Payment Dates - Lease payments shall be due quarterly in advance, with the first quarterly lease payment due upon the Effective Date and subsequent quarterly payments due every 3 months thereafter. • Assignment – With the consent of AHQ, Reorganized Arcapita Bank shall be permitted to assign the New HQ Lease; provided however that no consent shall be required to assign the New HQ Lease to AIM.
Senior Management Global Settlement	The Senior Management Global Settlement shall be as set forth in the Plan and the Senior Management Global Settlement Term Sheet (which incorporates the provisions of the Senior Management Global Settlement Motion); provided, however, that, notwithstanding the Senior Management Global Settlement Term Sheet, neither the Debtors nor Reorganized Arcapita shall be responsible to pay any severance or bonus amounts owed to beneficiaries of the Senior Management Global Settlement.
Severance Costs of Non-Senior Management	Non-Senior management employee severance payments shall be due as is set forth in the Plan and Reorganized Arcapita shall be responsible to make such payments, provided, however, that Reorganized Arcapita shall be entitled to credits against such payments as provided in the section "Other Costs" in the Cooperation Term Sheet.
Survival of indemnifications obligations for Officers and Directors:	All indemnification obligations of the Debtors to their officers and directors shall survive as set forth in the Plan.

EXHIBIT C TO TERM SHEET

Management Services Agreement
Scope of Services

The parties to the Syndication Companies and Reorganized Arcapita Settlement Term Sheet (the "***Term Sheet***") have agreed that AIM (or its designees) shall provide or procure the provision of, and shall have the right to provide or procure the provision of, the following services related to the management, monitoring and sale or disposition of the Investments pursuant to the Management Services Agreement with Reorganized Arcapita.

I. Definitions.

For the purposes of this Exhibit C, the following terms shall have the following meanings:

1. "***Company***" means (w) Reorganized Arcapita, (x) each WCF Entity, to the extent not covered by clause (w), (y) each Transaction HoldCo and (z) each Intermediate Holdco.

2. "***Excluded Costs***" means the out-of-pocket costs and expenses listed on Exhibit D to the Term Sheet, notwithstanding that such Excluded Costs may relate to services that are within the scope of this Exhibit C.

3. "***Intermediate HoldCo***" means, as appropriate with respect to each Investment, each entity that is both (i) a wholly-owned direct or indirect subsidiary of a Transaction Holdco and (ii) a direct or indirect parent of an OpCo.

4. "***Investment Entities***" means, as appropriate with respect to each Investment, the Transaction Holdco, any Intermediate HoldCo and any OpCo.

5. "***WCF Entity***" means each special purpose Cayman Islands companies that provide working capital financing to the Investment Entities**.**

Capitalized terms not defined in this Exhibit C have the meanings given to them in the Term Sheet.

II. Costs and Expenses

Notwithstanding anything to the contrary contained in this Exhibit C, for the avoidance of doubt, any reasonable out-of-pocket expenditures incurred in connection with the provision of the services described in this Exhibit C and any Excluded Costs shall be borne solely by the entity to which such services relate and not by AIM. The parties will develop customary industry guidelines for reimbursable expenses. Promptly upon the submission by AIM to any such entity of a request for reimbursement (including reasonable documentation to substantiate such request), such entity shall reimburse AIM for any such out-of-pocket expenditures or Excluded Costs incurred by AIM on behalf of such entity.

III. Services to be provided by AIM to each Company.

AIM shall provide to each Company the following services:

1. *Accounting, Reporting and Regulatory Compliance*. Accounting, reporting and regulatory compliance services, including:

   (a) keeping accounts and maintaining the financial books and records, maintaining internal controls, and approving audited accounts and preparing tax returns where required by law or contract;

   (b) preparing and delivering periodic reporting packages to the boards of directors of each Company and each Disposition Committee, as applicable, and responding to reasonable additional inquiries by such directors, officers, employees, attorneys, accountants or other agents as Reorganized Arcapita may designate for such purposes;

   (c) compliance reporting to relevant regulatory authorities, and ensuring that all compliance requirements, from the formation through the liquidation or dissolution of each Company, are met on a timely basis, provided that any regulatory and compliance costs relating to any securities issued pursuant to the Plan shall be borne exclusively by Reorganized Arcapita; and

   (d) in-house legal.

2. *Treasury and Operations*. Treasury and operations services, including:

   (a) making capital calls and disbursements against investments (other than any disbursements by New Arcapita Topco to its investors);

   (b) opening, maintaining and closing bank accounts, drawing checks or other orders for the payment of money, managing surplus cash resources and collecting moneys due;

   (c) facilitating the settlement of murabaha transactions, and entering into foreign exchange and other hedging transactions subject to agreed-upon protocols; and

   (d) responding to "know-your-customer" requests.

3. *Corporate Governance*. Corporate governance and company secretarial services, including:

   (a) creating, establishing, maintaining, winding-up, or restructuring, partnerships, trusts, corporations, limited liability companies or other entities of any kind subject to appropriate approvals, provided that any costs associated with the wind-up or restructuring of the Atlanta, London, Bahrain, Hong Kong and Singapore offices of Reorganized Arcapita shall be borne exclusively by Reorganized Arcapita;

   (b) preparing and maintaining share registers, minute books and other statutory books and records of each Company;

   (c) arranging for meetings of shareholders and of boards of directors for each Investment Entity; and

   (d) providing domiciliation agent services for Luxembourg companies.

4. *Investment Administration.* Investment administration services, including*:*

   (a) transaction support to Investment teams at the time of closing of relevant transactions (acquisitions, capitalizations, restructurings and divestments); and

   (b) upon the exit of any Investment, liquidation and the preparation of relevant liquidation documents, including general assistance to the liquidator to ensure the absence of assets and liabilities and to arrange all meetings, gazettes, notices and regulatory filings.

5. *General Administration*. General administration services, including:

   (a) hiring, for usual and customary payments and expenses, professionals and/or other agents for or on behalf of each Company;

   (b) subject to appropriate approvals, entering into, executing, maintaining and/or terminating contracts, undertakings, agreements and any and all other documents and instruments in the name of each Company, and doing or performing all such things as may be necessary or advisable in furtherance of the Company's powers, objects or purposes or the conduct of the Company's activities; and

   (c) devoting such portion of its time, resources, personnel (including outside consultants and agents), office space and equipment to the affairs of each Company as AIM in good faith considers necessary or advisable for the proper performance of its duties and obligations.

6. *Shari'ah Compliance.* Advisory services relating to Shari'ah compliance, including the execution of murabaha transactions in accordance with Islamic principles and the updating of any Shari'ah structuring documents (e.g., lease, istisna or ijara agreements).

IV. Services to be provided by AIM to the Investment Entities.

AIM shall provide (i) to the applicable Investment Entities, the management, consulting and advisory services ("Management Services") that Arcapita Inc., Arcapita Limited, Arcapita Investment Management Limited or Arcapita Bank B.S.C.(c), as applicable, are currently obligated to provide under the existing management, consulting and advisory agreements with such Investment Entities and (ii) to the other Investment Entities, such Management Services relating to the Investments as are applicable or appropriate for each such entity, including (a) advisory services related to monitoring of Investments, divestitures and add-on acquisitions (including structuring required agreements and assisting in negotiations), (b) assistance in determining capital needs and in identifying sources for such capital, (c) strategic and tactical planning assistance and (d) selection and management of third party professionals to render required services to the Investment Entities in connection with any divestiture or add-on acquisition (including legal counsel, accountants, financial advisers and investment bankers and other applicable professionals).

V. Services to be provided by AIM to the Syndication Companies.

AIM shall provide to each Syndication Company, including for the avoidance of doubt any Syndication Company wholly owned by a single investor, the services that Arcapita Investment Management Limited and/or Arcapita Investment Funding Limited are currently obligated to provide under existing administration agreements with such Syndication Companies, subject as specified in such administration agreements to the overriding authority of the board of directors of each Syndication Company.

VI. Services to be provided by AIM to Reorganized Arcapita for Additional Fees.

AIM offers to provide the following services to Reorganized Arcapita (excluding, for the avoidance of doubt, any Investment Entity) for additional fees to be agreed upon among the parties. For the avoidance of doubt, these additional fees are separate from and in no way linked to the Base Management Fee, the Enhanced Management Fee, or any Incentive Fees.

(a) litigation support; and

(b) other services (e.g., HR) not included under Section III above.

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EXHIBIT D TO TERM SHEET

Other Costs and Expenses Excluded From Management Services Agreement

Unless specifically addressed by the Term Sheet, all out-of-pocket (a) costs, (b) fees, and (c) expenses (the "OP Costs"), including but not limited to the following items, will be deemed Excluded Costs as defined in the Management Services Agreement Scope of Services (attached to the Term Sheet as Exhibit C):

1. All OP Costs associated with the Board of Directors of Reorganized Arcapita
2. All OP Costs associated with Disposition Committee members representing the interests of Reorganized Arcapita
3. D&O, general liability and other insurance premiums and related OP Costs incurred on behalf of Reorganized Arcapita
4. Central Bank of Bahrain ("CBB") regulatory fees and associated OP Costs incurred on behalf of Reorganized Arcapita
5. Legal fees and other OP costs associated with modifying organizational documents of Transaction Hold Cos as contemplated in the Term Sheet
6. Legal fees and related OP costs associated with documenting Murabahas, including new WCF Obligations and Post-Exit WCF Obligations or renewals of such WCF Obligations and Post-Exit WCF Obligations, between Reorganized Arcapita and various Transaction HoldCos, or their direct or indirect subsidiaries
7. External audit OP costs incurred on behalf of Reorganized Arcapita
8. All licensing, professional and other fees and OP Costs required to maintain Cayman and other corporate structures in good standing
9. All professional OP Costs required to wind-up Cayman and other corporate structures upon sale or disposition of an Investment, and the wind-up of existing Cayman and other corporate structures involving Investments previously sold
10. Disposition Expenses
11. All legal, professional and other OP costs incurred in connection with litigation related to Reorganized Arcapita, including but not limited to those incurred to pursue preferences and other avoidance actions on behalf of Reoganized Arcapita
12. All OP Costs associated with Arcapita Bank(and its direct and indirect subsidiaries), including, but not limited to, (a) OP Costs to restore leased premises to agreed-upon condition: (b) lease termination OP Costs ; (c) moving OP Costs ; and (d) electronic or physical transition of records to permanent location.
13. All OP Costs associated with maintaining bank accounts in the name of Reorganized Arcapita
14. All professional OP Costs associated with implementation of the Chapter 11 Plan of Reorganization (the "Plan"), including but not limited to documenting and administering the securities issued pursuant to the Plan, claims reconciliation and litigation, administration of plan distributions and any other post-effective date plan implementation costs
15. All OP Costs of Shari'ah board services, including, but not limited to, travel expenses, to the extent they relate to Reorganized Arcapita; such OP Costs do not include the annual remuneration of the Shari'ah board members, which shall be borne by AIM

EXHIBIT M
SENSITIVITY ANALYSIS

Hypothetical Illustrative Recovery Sensitivity Analysis

The following sensitivity analysis illustrates potential distributions and implied recoveries to Holders of Claims against and Interests in Arcapita Bank and AIHL under a range of hypothetical scenarios in which Updated Exit Values increase from approximately $1.3 billion to $2.0 billion. Although these alternative scenarios project recoveries at aggregate values higher than the Updated Exit Values and such higher values may be achieved, the scenarios do not represent the Debtors' view that these more favorable outcomes are likely. Capitalized terms that are not defined herein shall have the meanings ascribed to them in the Plan or Disclosure Statement.

Distributions and recoveries assuming illustrative valuation increases ($ in millions)

	Exit Waterfall Valuation	Illustrative exit valuation proceed increase		
Illustrative exit valuation proceeds [1] [2]	$1,292.1	$1,500.0	$1,750.0	$2,000.0
Proceeds available for distribution [3]	**932.6**	**1,120.4**	**1,346.2**	**1,573.1**
Implied recovery for Arcapita Bank-only Creditors ($)	$119.5	$167.1	$224.4	$332.8
Implied % recovery	*7.7%*	*10.8%*	*14.4%*	*21.4%*
Implied recovery for AIHL Creditors at the AIHL level ($)	$720.7	$824.0	$948.2	$1,035.9
Implied % recovery	*59.9%*	*68.5%*	*78.9%*	*86.1%*
Implied recovery for AIHL Creditors at the Arcapita Bank level ($)	$92.4	$129.3	$173.6	$204.3
Implied % recovery	*7.7%*	*10.8%*	*14.4%*	*17.0%*
Implied recovery for existing Holders of Arcapita Bank Shares ($)	–	–	–	–
Implied % recovery	*NA*	*NA*	*NA*	*NA*
Total implied Creditor recovery ($)	**$932.6**	**$1,120.4**	**$1,346.2**	**$1,573.1**
Implied % recovery	***33.8%***	***40.6%***	***48.8%***	***57.1%***
Note:				
Implied total recovery for AIHL Creditors ($)	$813.2	$953.3	$1,121.8	$1,240.3
Implied % recovery	*67.6%*	*79.3%*	*93.3%*	*103.1%*

(1) The illustrative exit valuation proceeds set forth herein derive from the Updated Exit Values described in the Disclosure Statement (which amount is valued at approximately $1,333 million) as adjusted in the following manner: (i) value attributable to certain Valued Companies that are anticipated to be exited prior to the Effective Date was deducted from the Updated Exit Values, and (ii) value attributable to the IPP or IIP Investment Shares that were (or will be) returned to the Arcapita Group pursuant to the Employee Program and Global Settlement Order and the Senior Management Global Settlement was added to the Updated Exit Values. Such adjustments resulted in a net deduction to the Updated Exit Values of approximately $41 million.

(2) Net of the approximately $220 million Repurchase Price related to the Lusail land and before recurring income from cash management fees.

(3) Illustrative proceeds calculation does not take into account an acceleration of debt repayment that may occur as a result of higher exit proceeds which could lower debt service costs.