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**

DECLARATION OF HENRY A. THOMPSON IN SUPPORT OF CONFIRMATION OF SECOND AMENDED JOINT PLAN OF REORGANIZATION OF ARCAPITA BANK B.S.C.(c) AND RELATED DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

I, Henry A. Thompson, hereby declare as follows:

1. I am an Executive Director and Head of Legal, of Arcapita Bank B.S.C.(c) ("***Arcapita Bank***"), a Bahrain closed joint stock company, one of the above-captioned debtors and debtors in possession (each a "***Debtor***" and collectively, the "***Debtors***") in the above-captioned chapter 11 cases (the "***Chapter 11 Cases***"). I submit this declaration (the "***Declaration***") in support of confirmation 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* [Docket No. 1036] (as amended and including all exhibits and supplements thereto, the "***Plan***")[1] pursuant to section 1129 of title 11 of the United States Code (the "***Bankruptcy Code***").

2. In my capacity as the Head of Legal of Arcapita Bank, I am generally familiar with the Debtors' day-to-day operations, business affairs, and books and records. I have been

[1] Capitalized terms used herein but not otherwise defined herein have the meanings ascribed to them in the Plan.

actively involved in the negotiations on behalf of the Debtors that culminated in the restructuring contemplated in the Plan. I am authorized to submit this Declaration on behalf of Arcapita Bank.

3. I am an attorney, and I am licensed to practice law in the District of Columbia. Additionally, I have lived in the Middle East for over 20 years. During my time in the Middle East, I have become familiar with business customs and cultural differences between the Middle East and the United States.

4. All matters set forth in this Declaration are based on (a) my personal knowledge and belief; (b) my review of relevant documents, including, without limitation, the Plan, Disclosure Statement [Docket No. 1038], and the documents that comprise the Plan Supplement [Docket No. 1195]; (c) inquiries made to others; (d) my view, based on my personal experience and knowledge of the Debtors' businesses and financial condition; or (e) as to matters involving the requirements for confirmation of the Plan under section 1129 of the Bankruptcy Code, my reliance on the advice of Debtors' bankruptcy counsel. If I were called to testify, I could and would testify competently to the facts set forth herein.

SATISFACTION OF PLAN CONFIRMATION REQUIREMENTS

5. As set forth below, I am advised and believe that the Plan satisfies all of the applicable provisions of the Bankruptcy Code.

A. The Plan Complies with Applicable Provisions of the Bankruptcy Code as Required by Section 1129(a)(1)

6. Based on my review of the Plan and all related materials, and based on my discussions with the Debtors' legal counsel and financial advisors, it is my understanding that the Plan complies with all applicable provisions of the Bankruptcy Code as required by section

1129(a)(1) of the Bankruptcy Code, including without limitation, sections 1122 and 1123 of the Bankruptcy Code.

1. The Plan's Designation of Classes of Claims and Interests (Sections 1122 and 1123(a)(1))

7. The Plan, which is comprised of a separate chapter 11 Subplan for each Debtor, provides for the separation of Claims and Interests into ten Classes based upon differences in the legal nature and/or priority of Claims and Interests.

8. Each Class contains only Claims or Interests that are substantially similar to the other Claims or Interests within that Class. The Plan's classification structure recognizes the differing legal and equitable rights of creditors versus interest holders, secured versus unsecured claims, and priority versus non-priority claims. Furthermore, similar Claims or Interests have not been placed into different Classes in order to affect the outcome of the vote on the Plan.

9. Administrative Expense Claims, Professional Compensation Claims, DIP Facility Claims, and Priority Tax Claims are not classified and are separately treated under the Plan.

10. Accordingly, based on my discussions with the Debtors' legal advisors, I believe that the classification scheme set forth in the Plan is consistent with sections 1122 and 1123(a)(1) of the Bankruptcy Code.

2. Specification of Unimpaired Classes and Treatment of Impaired Classes (Sections 1123(a)(2) and1123(a)(3))

11. Articles III and IV of the Plan identify all Classes of Claims and Interests that are Impaired or Unimpaired, and set forth the applicable treatment afforded to them under the Plan. Therefore, I believe that the Plan is consistent with sections 1123(a)(2) and (3) of the Bankruptcy Code.

3. Equal Treatment Within Classes (Section 1123(a)(4))

12. As described in Article IV of the Plan, the Plan provides the same treatment for each Claim or Interest within a particular Class, except to the extent a Holder agrees to a less favorable treatment of its Claim or Interest. Therefore, I believe that the Plan is consistent with section 1123(a)(4) of the Bankruptcy Code.

4. Means for Implementation (Section 1123(a)(5))

13. I believe that Articles VI, VII, and VIII of the Plan, along with various other provisions, provide adequate means for implementing the Plan, including, among other things, the following: (i) entry into the Exit Facility; (ii) issuance of the Sukuk Obligations; (iii) issuance of the New Arcapita Shares, New Arcapita Creditors Warrants, and the New Arcapita Shareholder Warrants as provided in Articles IV and VII of the Plan; (iv) payment in full of all Unimpaired Claims; (v) the resolution or transfer, as applicable, of Claims against and Interests in the Debtors in accordance with the Implementation Memorandum; (vi) the assumption and rejection of Executory Contracts and Unexpired Leases; (vii) the preservation of certain Causes of Action; and (viii) provisions with respect to the ongoing management and operations of the Reorganized Debtors, including the agreement with AIM Group Limited ("***AIM***") for post-Effective Date management. I believe that the Debtors will have sufficient cash to make all payments required to be made pursuant to the terms of the Plan. Accordingly, based on my discussions with the Debtors' legal advisors, I believe that the Plan satisfies the requirements of section 1123(a)(5) of the Bankruptcy Code.

5. Charter Provisions (Section 1123(a)(6))

14. Section 7.13 of the Plan provides: "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," and the operative documents with respect to the Reorganized Debtors will in fact, prohibit the issuance of nonvoting equity securities and dictate an appropriate distribution of voting power. Accordingly, based on my discussions with the Debtors' legal advisors, I believe that the Plan satisfies the requirement of section 1123(a)(6) of the Bankruptcy Code.

6. Selections for Certain Positions (Section 1123(a)(7))

15. Section 7.11 of the Plan provides that "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 . . . ." Post-reorganization, 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. The members of the Committee that hold Claims against AIHL will designate five directors, the members of the Committee that hold claims only against Arcapita Bank will designate one director, and the CBB will designate one director.

16. Under the agreements negotiated with the Committee, the Committee is responsible for selecting directors and officers of Reorganized Arcapita and the New Holding Companies. I believe that the Committee has established a process for the selection of directors

that will result in the appointment of qualified individuals to effectively operate, manage, and control the Reorganized Debtors and the New Holding Companies after the Effective Date. I believe that the manner of selection of officers and directors and their successors is consistent with public policy and the interests of Creditors and Holders of Interests, many of whom have been directly involved in the development of the selection procedures. Therefore, based on my discussions with the Debtors' legal advisors, I believe that the Plan satisfies the requirements of section 1123(a)(7) of the Bankruptcy Code.

7. The Plan's Provisions Regarding Modification of the Rights of Holders of Claims (Sections 1123(b)(1) and (5))

17. Articles III and IV of the Plan modify or leave unaffected, as the case may be, the rights of Holders of Claims and Interests within each Class. Accordingly, based on my discussions with the Debtors' legal advisors, I believe that the Plan is consistent with sections 1123(b)(1) and (5) of the Bankruptcy Code.

8. The Plan's Treatment of Executory Contracts (Section 1123(b)(2))

18. Article VI of the Plan provides for the rejection of Executory Contracts and Unexpired Leases of the Debtors except for any such contract or lease that (i) 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) 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) is a management, administration, management services, consulting, advisory or similar agreement (including any of the agreements set forth in Exhibit 6 to the Management Services Agreement), between a Debtor and any Syndication Company, PV, PNV, Transaction Holdco, or any direct or indirect subsidiary of

a Transaction Holdco or any other similar entity related to any portfolio investment; or (iv) is identified on the Assumed Executory Contract and Unexpired Lease List or in the Plan.

19. I have concluded, after a review having been conducted of the Debtors' Executory Contracts and Unexpired Leases and upon the advice of the Debtors' professionals, that only certain Executory Contracts and Unexpired Leases should be assumed. Accordingly, I believe that other Executory Contracts and Unexpired Leases should be rejected so that the Reorganized Debtors are not burdened with the ongoing associated liabilities.

20. With respect to the Executory Contracts and Unexpired Leases that are to be assumed, and assigned (if applicable), I believe such agreements are, and the assignment of such contracts (if applicable) is, beneficial to the Debtors' estates, and I believe that assumption is within the sound business judgment of the Debtors. Furthermore, based on my discussions with the Debtors' legal advisors, I believe that the assumption and assignment, if applicable, of Executory Contracts and Unexpired Leases pursuant to the Plan is in compliance with section 1123(b)(2) of the Bankruptcy Code.

21. Additionally, I believe that the Debtors and/or the assigned party (if applicable) can provide adequate assurance of future performance under the Executory Contracts and Unexpired Leases to be assumed and assigned (if applicable) under the Plan. The Projections show that the Reorganized Debtors and the New Holding Companies will generate sufficient revenue and cash flow to ensure future performance under the Executory Contracts and Unexpired Leases assumed (and assigned to one of the New Holding Companies, if applicable) under the Plan. Moreover, I believe that by virtue of the Exit Facility, and realizations from disposition of the portfolio investments, the Reorganized Debtors and the New Holding

Companies will have sufficient liquidity to fund their working capital needs, including any payments required under the Executory Contracts and Unexpired Leases to be assumed. I further believe that each of AIM and AHQ Holding Company W.L.L. are sufficiently capitalized and/or will have sufficient cash flows from operations to ensure future performance under the Executory Contracts and Unexpired Leases that are assigned to such parties.

9. Subordination of Claims (Section 1123(b)(6))

22. Article IV of the Plan provides for the subordination of certain Claims. As stated below, and based on my discussions with the Debtors' legal advisors, I believe that subordination of such Claims pursuant to the Plan is in compliance with section 1123(b)(6) of the Bankruptcy Code.

a. Subordination of Rights Offering Claims

23. In late 2010, Arcapita commenced a common stock rights offering to its then-current shareholders of up to $500 million of Arcapita Bank Shares at a price of $3.00 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 per Share (collectively, the "***Rights Offering***"). The Rights Offering was formally closed in early 2012. Under the Rights Offering, Arcapita accepted the subscriptions from the then-current shareholders and third-party investors (the "***Rights Offering Participants***") for 27,700,054 Shares and received $83,100,162 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 (the "***Rights Offering Claims***"). In sum, the Rights Offering Claims were filed against Arcapita Bank and are based on alleged damages due to the fact that Arcapita Bank Shares were not issued to certain subscribing parties under the Rights Offering.

24. The Plan provides that, if Allowed, any right of Distribution with respect to the Rights Offering Claims is subordinated to all Claims or Interests senior to the Interests in Arcapita Bank. Therefore, I believe that the Rights Offering Claims are properly subordinated and have been properly classified in Class 8(a).

b. Subordination of Thronson Claims

25. The Thronson Claims were filed against Falcon and are based on alleged damages arising from the purported breach of an agreement relating to the sale of Falcon common stock. The contracts on which the alleged Thronson Claims are based on are Executory Contracts that will be rejected pursuant to Article VI of the Plan.

26. 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, I believe that the Thronson Claims should be subordinated and have been properly classified in the Plan as Subordinated Claims in Class 8(g).

c. Subordination of the Tide Claims

27. Tide Natural Gas Storage I, LP and Tide Natural Gas Storage II, LP (together, "***Tide***") filed certain Claims against Arcapita Bank and Falcon [Claim Nos. 295-298] (the "***Tide Claims***") based on alleged damages arising from Tide's purchase of Falcon's LLC membership interests in the Debtors' non-debtor affiliate NorTex Gas Storage Company, LLC ("***NorTex LLC***"). The Debtors have disputed that any amounts are owed to Tide. For the reasons set forth

in the Debtors' briefs in support of subordination of the Tide Claims [Docket Nos. 1108 and 1194], I believe that the Tide Claims, if any are ultimately Allowed, should be subordinated and should be properly classified in Classes 10(a) and 10(g).

10. The Plan's Provisions Regarding Retention, Enforcement and Settlement of Claims Held by the Debtors and Retention of Jurisdiction (Section 1123(b)(3))

28. Sections 7.1 and 9.2 of the Plan provide for certain settlements and releases of claims by the Debtors, and Section 7.18 of the Plan provides for the preservation of other Causes of Action. In addition, Article XI of the Plan specifies that the Court will generally retain jurisdiction as to all matters involving the Plan, including, among other things, allowance of Claims, determination of tax liability under section 505 of the Bankruptcy Code, resolution of Plan-related controversies, and approval of matters related to the assumption or rejection of Executory Contracts or Unexpired Leases. Based on my discussions with the Debtors' legal advisors, I believe that the above matters are matters that the Court would otherwise have jurisdiction over during the pendency of the Chapter 11 Cases, and are therefore consistent with section 1123(b)(3) of the Bankruptcy Code.

11. The Plan's Release, Exculpation, and Injunctive Provisions are Appropriate and Comply with Applicable Provisions of the Bankruptcy Code and the Case Law (Section 1123(b)(6))

29. The Plan was formulated after negotiating extensively with numerous parties in good faith, and I believe that negotiation and compromise were crucial to the formulation of a feasible Plan. Based on my review of the Plan, my personal knowledge of the circumstances leading to its filing by the Debtors, and my discussions with the Debtors' legal advisors, it is my understanding and belief that each of the releases, injunctions, and exculpations, are: (i) integral

to the terms, conditions and settlements contained in the Plan; and (ii) supported by fair and reasonable consideration. In particular, in light of the circumstances in these Chapter 11 Cases, the releases, injunctions, and exculpations provisions are: (i) fair and reasonable to all parties in interest; (ii) an essential means of implementing the Plan; (iii) an integral element of the transactions incorporated into the Plan; (iv) critical components of the consensual agreement among the Debtors, SCB, the Committee, the JPLs, the Ad Hoc Group, and other parties involved in negotiations that led to the formulation of the largely consensual Plan; (v) beneficial to, and in the best interests of, the Debtors, their Estates and their creditors; and (vi) critical to the overall objectives of the Plan to resolve all Claims among or against the various parties in interest in the Chapter 11 Cases with respect to each of the applicable Debtors.

30. Section 9.2.1 of the Plan provides that, as of the Effective Date, the Debtors (other than Falcon) shall release all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities arising on or prior to the Effective Date that the Debtors may have against the Released Parties (all releases by the Debtors constituting the "***Debtor Release***"). I believe that the Debtor Release is an essential component of the Plan, and it is my understanding that the Debtor Release has the support of every major creditor constituency in the Chapter 11 Cases. Furthermore, it is my understanding that each of the Released Parties provided substantial value and benefits to the Debtors during the Chapter 11 Cases and expended significant time and resources analyzing and negotiating the issues involved therein in connection with the Debtors' chapter 11 process. Moreover, I am not aware of any claims in favor of the Debtors against the Released Parties that have significant value in the context of the Chapter 11 Cases. Finally, it is my understanding, based on discussions with the Debtors' legal

advisors, that the Debtor Release is similar in scope to those approved by the courts in this District.

31. In addition, Section 9.2.4 of the Plan provides for a third-party release of the Released Parties that is given only by those Holders of Claims or Interests (other than Holders of Claims against or Interests in Falcon) that (i) voted to accept or reject the Plan and, (ii) did not elect (as was permitted on the Ballots) to opt out of the releases contained in Section 9.2.4 of the Plan (the "***Third-Party Release***"). Notably, the Third-Party Releases do not apply to any holder of a Claim that elected to "opt-out" of such releases by making such election on its Ballot (to the extent that it was entitled to receive a Ballot). Therefore, holders of Claims that elected not to grant the Third-Party Releases are deemed to preserve whatever direct or personal claims they may have against the non-debtor parties under applicable non-bankruptcy law. Accordingly, the Third Party Releases set forth in Section 9.2.4 of the Plan are designed to be, and are, voluntary and consensual. Therefore, I believe that these releases are reasonable, fair and equitable under all of the facts and circumstances of these Chapter 11 Cases.

32. Section 9.2.5 of the Plan contains a provision that, in sum, exculpates the Exculpated Parties from liability for acts or omissions occurring during and in connection with the Chapter 11 Cases, except for claims arising from gross negligence, willful misconduct, fraud, or breach of the fiduciary duty of loyalty. I believe that the Plan could not have been formulated without the protection from liability that the Exculpation clause provides to the Exculpated Parties. Moreover, as I personally observed, each of the Exculpated Parties made substantial contributions throughout these Chapter 11 Cases and were instrumental in the formulation of the largely consensual Plan.

33. Furthermore, in the course of the preparation and negotiation of the Plan, the Debtors have given due consideration, with such advice from outside advisors as they deemed appropriate, to the scope and identity of the Released Parties and Exculpated Parties that are the subject of, among other things, the release and exculpation provisions set forth in the Plan. On the whole, I have concluded that the Released Parties and Exculpated Parties have been active participants, in my view, in the Debtors' orderly wind-down and have acted, to the best of my knowledge and belief, in good faith during the course of the negotiations of the Plan, and should not be exposed to any potential legal liability as a result of their negotiation, formulation or implementation of the Plan or any related agreements. Accordingly, I believe that the various release, exculpation, and injunction, and related provisions in the Plan are consistent with the global resolution of claims embodied in the Plan, are an integral component of the Plan, are narrowly tailored, are supported by consideration (where applicable), and are in the best interests of the Debtors' creditors and interest holders under the facts and circumstances of these Chapter 11 Cases.

34. Finally, I believe that the discharge injunction provided in Section 9.1.2 is appropriate. The Debtors have creditors throughout the world. The injunction contemplated in Section 9.1.2 of the Plan allows the Bankruptcy Court to protect the Debtors from actions that might be taken by their Creditors after the Effective Date, whether in the United States or abroad. Lastly, I believe that the injunction provision in Section 9.2.6 of the Plan is necessary to preserve and enforce the release and exculpation provisions.

12. The Conditions for Receiving Distributions Are Appropriate (Section 1123(b)(6))

35. The Plan includes certain conditions for Distribution, including the New Unsecured Claim Distribution Procedures and the Warrant Distribution Conditions.

36. With respect to Claimants in Classes 5(b), 5(g), 6(a), and 8(a), the Debtors are requiring such Claimants to sign and deliver the Creditor Release as a condition to receiving distributions under the Plan. The Creditor Release simply restates and reaffirms the effect of the Plan. Specifically, by signing the Creditor Release, Claimants will (i) acknowledge and agree to the amount of their Claims, (ii) acknowledge and agree that they are bound by the terms and conditions of the Plan and the Confirmation Order, and (iii) acknowledge and agree that all of their 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.

37. With respect to any Claimant entitled to receive Distributions in the form of Sukuk Obligations, New Arcapita Shares, or New Arcapita Warrants, such Claimants will be asked to provide a statement evidencing that they are (i) a Qualified Purchaser,[2] (ii) a Knowledgeable Employee,[3] or (iii) a Non-U.S. Person.[4] To the extent that any Claimant entitled to receive Sukuk Obligations, New Arcapita Shares, or New Arcapita Warrants is a U.S. person

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[2] "Qualified Purchaser" has the meaning ascribed to such term in Rule 2a51-1, promulgated under the Investment Company Act of 1940 (the "***Investment Company Act***").

[3] "Knowledgeable Employee" has the meaning ascribed to such term in Rule 3c-5, promulgated under the Investment Company Act.

[4] "U.S. Person" has the meaning ascribed to such term in Regulation S, promulgated under the Securities Act of 1933.

that is neither a Qualified Purchaser nor a Knowledgeable Employee (such person, a "***Non-Eligible Claimant***"), then the consideration otherwise distributable to the Non-Eligible Claimant will be liquidated by the Disbursing Agent, and the Non-Eligible Claimant will receive the proceeds of the liquidation in lieu of its Plan Distribution.

38. I believe the foregoing provisions are necessary and appropriate to (i) commit Claimants—many of whom reside outside of U.S. jurisdiction—to comply with orders entered by this Court in connection with the Plan, (ii) ensure that the Debtors maintain compliance with U.S. securities laws and other reporting requirements to which they are subject, and (iii) effectuate various Plan provisions. Furthermore, based on my discussions with the Debtors' legal advisors, I believe that the conditions for Distribution contained in the Plan are consistent with the Bankruptcy Code.

13. The Authorizations Contained in Section 7.16 of the Plan are Appropriate (Section 1123(b)(6))

39. Section 7.16 of the Plan ratifies, authorizes, and approves all of the actions contemplated by the Plan. Section 7.16 of the Plan further provides that the authorizations and approvals contemplated therein shall be effective notwithstanding any requirements under any non-bankruptcy law, but only to the extent permitted by the Bankruptcy Code. I believe that the actions described in Section 7.16 of the Plan are necessary for adequate implementation of the Plan, and based on my discussions with the Debtors' legal advisors, I believe that Section 7.16 of the Plan is consistent with the Bankruptcy Code.

14. Payment of the Ad Hoc Group Fees is Justified (Section 1123(b)(6))

40. Subject to reviewing the reasonableness of the amount of the fees requested, the Debtors support the payment, not to exceed $1.2 million, of the Ad Hoc Group Fees on the Effective Date by New Arcapita Topco as provided in Section 2.6 of the Plan.

41. The Debtors agreed to pay such fees as one of the many important terms and conditions of the global settlement reached by and among all of the Debtors' stakeholders and embodied in the Plan. I believe that the Ad Hoc Group has made a substantial contribution to these Chapter 11 Cases, has supported the Plan, and for the additional reasons set forth in the *Debtors' Memorandum of Law 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*, filed contemporaneously herewith, and the *Declaration of Matthew Bonanno 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*, I believe that payment of the Ad Hoc Group Fees is reasonable and justified.

B. The Debtors Have Complied with the Applicable Provisions of the Bankruptcy Code (Section 1129(a)(2))

42. Based on my discussions with the Debtors' legal advisors, I believe that the Debtors have complied with the applicable provisions of the Bankruptcy Code, including the provisions of sections 1125 and 1126 of the Bankruptcy Code and the applicable Bankruptcy Rules.

43. To the best of my knowledge, the Debtors have complied with all applicable disclosure and solicitation requirements of section 1125 of the Bankruptcy Code. The Debtors have mailed and caused to be published notice of the Confirmation Hearing in accordance with

the Disclosure Statement Approval Order. The Debtors' balloting and claims agent, The Garden City Group, Inc. ("***GCG***"), has filed affidavits and certificates of service demonstrating compliance with section 1125 of the Bankruptcy Code, the Bankruptcy Rules, and the Disclosure Statement Approval Order with respect to the transmittal of the Disclosure Statement, the Plan, and all related solicitation materials. *See* Docket No. 1076. Furthermore, to the best of my knowledge, the Debtors, relying upon the advice of the Debtors' bankruptcy counsel, have complied with all orders of the Court entered during the pendency of the Chapter 11 Cases and with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

44. Also, to the best of my knowledge, the Debtors have complied with all applicable solicitation requirements of section 1126. The Debtors only solicited acceptances or rejections from the Voting Classes (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)), which were the only Classes eligible to vote. The Voting Classes are Impaired but will receive Distributions under the Plan.

45. Accordingly, based on my discussions with the Debtors' legal advisors, I believe that the Debtors have fully complied with all the provisions of the Bankruptcy Code and, in particular, with the provisions of sections 1125 and 1126 of the Bankruptcy Code and have therefore satisfied the requirements of section 1129(a)(2) of the Bankruptcy Code.

C. The Plan Was Proposed in Good Faith (Section 1129(a)(3))

46. I believe the Plan has been proposed by the Debtors in good faith, with legitimate and honest purposes of maximizing the value of each of the Debtors and the recovery to Claimants under the circumstances of these Chapter 11 Cases. I, along with other agents on the Debtors' behalf, engaged in good faith, arm's-length negotiations on behalf of the Debtors with

SCB, the Committee, the JPLs, the Ad Hoc Group and other key constituents. After months of negotiations and the consideration of multiple alternative proposals, the Debtors were able to reach an agreement with SCB, the Committee, the JPLs, the Ad Hoc Group and a substantial number of other Claimants on the terms of the Plan.

47. I believe the Plan allows the Debtors to maximize funds available for Distribution through an orderly liquidation of the Debtors' assets and provides for Distribution of those funds to Holders of Allowed Claims and Interests. Additionally, I believe the Plan has been proposed in compliance with all applicable laws, rules, and regulations. Accordingly, I am advised and believe that the Plan satisfies the requirements of section 1129(a)(3) of the Bankruptcy Code.

D. Payments for Services or Costs and Expenses (Section 1129(a)(4))

48. Based on my discussions with the Debtors' legal advisors, I believe that any payment made or promised by the Debtors or by any person acquiring property 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 this case has been approved by this Court or will be subject to the approval of the Court. Accordingly, based on my discussions with the Debtors' legal advisors, I believe that the Plan is consistent with section 1129(a)(4) of the Bankruptcy Code.

E. Service of Certain Individuals (Section 1129(a)(5))

49. Prior to the Confirmation Hearing, the Debtors, based on designations provided by the Committee, will disclose the identity and affiliations of the individuals or entities proposed to serve as a director or officer of the Debtors under the Plan, including the compensation of any insiders that will be employed or retained by the Reorganized Debtors. I

believe the appointment to, or continuation in such offices of each such individual or entity is consistent with the interests of Creditors and with public policy given the experience and expertise of the proposed officers and directors. As a result, based on my discussions with the Debtors' legal advisors, I believe that the Plan satisfies section 1129(a)(5) of the Bankruptcy Code.

F. Rate Changes (Section 1129(a)(6))

50. The Debtors' Plan does not provide for any rate change that requires regulatory approval. As a result, based on my discussions with the Debtors' legal advisors, I believe section 1129(a)(6) of the Bankruptcy Code is not applicable.

G. The Plan Satisfies the "Best Interests" Test (Section 1129(a)(7))

51. Based on my examination of the liquidation analysis performed by Alvarez & Marsal North America, LLC ("***A&M***") describing the recoveries to the Holders of Claims or Interests in a hypothetical liquidation of the Debtors under chapter 7 of the Bankruptcy Code (as amended, the "***Liquidation Analysis***"), I believe that with respect to each Impaired Class of Claims or Interests, each Holder of a Claim or Interest in such Impaired Class (i) has accepted the Plan; (ii) will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtor entity was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date; or (iii) has agreed to receive less favorable treatment. Further information regarding the Liquidation Analysis may be found in the *Declaration of Matthew Kvarda in Support of Confirmation of the Debtors' Second Amended Joint Plan of Reorganization Under*

Chapter 11 of the Bankruptcy Code (the "***Kvarda Declaration***"), filed contemporaneously herewith, and I respectfully refer the Court to the Kvarda Declaration.

52. Additionally, I believe that recoveries would be less for Creditors in a chapter 7 liquidation due to the lack of cooperation from relevant parties outside of the United States. I believe a chapter 7 trustee would likely face resistance in his or her efforts to forcibly liquidate assets outside of the United States, and particularly within the Middle East. I believe that such a scenario would result in lower recoveries for Creditors.

53. Accordingly, it is my belief that the Plan, including the recoveries thereunder, represents the best outcome for all constituencies.

H. Acceptance of the Plan by Each Impaired Class (Section 1129(a)(8))

54. The *Amended Declaration of Jeffrey S. Stein on behalf of The Garden City Group, Inc. Certifying the Methodology for the Tabulation of and Results of Voting with Respect to 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 June 3, 2013 [Docket No. 1193] (the "***Voting Certification***") reflects the compilation of the votes to accept or reject the Plan cast by each of the Impaired Classes entitled to vote. As described in the Voting Certification, Classes 2(a)-(f), 4(a)-(b), 5(a), (b) and (g), 6(a), 7(a)-(b), and 9(g) voted to accept the Plan and although Classes 8(a) and 8(g) voted to reject the Plan, I am informed by the Debtors' advisors that, even if the Tide claim is treated in these Classes (which I do not think is appropriate), the Plan can be confirmed over Tide's rejection under the provisions of section 1129(b) of the Bankruptcy Code. I do not believe that there are any Claims in Class 7(g). Additionally, as described in the *Declaration of Jeffrey S. Stein of the Garden City Group, Inc. Certifying the Tabulation of*

Shareholder Acknowledgment and Assignment Pursuant to 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 June 5, 2013 [Docket No. 1202], GCG received 252 Shareholder Acknowledgment and Assignment forms totaling 256,215,338 Shares of Arcapita Bank. This return represents more than 75.75% of the 329,554,771 total shares outstanding of Arcapita Bank.

I. Treatment of Priority Claims (Section 1129(a)(9))

55. Based on my discussions with the Debtors' legal advisors, I believe that Article II and Section 4.1.2 of the Plan treat Allowed Administrative Expense Claims, Professional Compensation Claims, Priority Tax Claims and Other Priority Claims against all Debtors, except to the extent that the holder of a particular Allowed Claim has agreed to a different treatment of such Claim, in the manner required by section 1129(a)(9) of the Bankruptcy Code.

J. **Acceptance of at Least One Impaired Class (Section 1129(a)(10))**

56. Classes 2(a)-(f), 4(a)-(b), and 5(g), which are Impaired, voted to accept the Plan. I do not believe that any Holder of a Claim in Classes 2(a)-(f), 4(a)-(b), and 5(g) is an insider of the Debtors as that term is defined in section 101(31) of the Bankruptcy Code. Accordingly, based on my discussions with the Debtors' legal advisors, I believe that the Plan satisfies the requirement in section 1129(a)(10) of the Bankruptcy Code.

K. Feasibility (Section 1129(a)(11))

57. The Debtors have entered into a commitment letter to obtain DIP financing of up to $175 million (the "***DIP Financing***"), and a hearing to approve entry into the DIP Financing is scheduled for June 10, 2013. A feature of the DIP Financing is the ability of the Debtors to

convert such financing into an exit Murabaha facility with total obligations of $350 million (the "***Exit Facility***") subject to the satisfaction of certain conditions precedent. I believe that the proceeds from the Exit Facility and dispositions of the Debtors' portfolio investments will provide the Reorganized Debtors with sufficient liquidity to fund the cash Distributions contemplated by the Plan and will provide the Reorganized Debtors with working capital sufficient to support their business operations.

58. Additionally, with assistance from the Debtors' financial advisors, I worked with other members of the Debtors' management to prepare financial projections of the Reorganized Debtors' annual performance from June 1, 2013 through June 30, 2018 (as amended, the "***Projections***"), a copy of which is attached as ***Exhibit B*** to the *Declaration of Bernard Douton in Support of Confirmation of the Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (the "***Douton Declaration***"), filed contemporaneously herewith, and I respectfully refer the Court to the Douton Declaration. According to the Projections, the Reorganized Debtors (other than Falcon which is discussed in paragraph 59 below) will have sufficient cash from operations to implement their business plan and to pay their obligations under the Exit Facility. Thus, I believe the Projections support the Reorganized Debtors' ability to implement their business plan while maintaining sufficient liquidity and capital resources.

59. With respect to the liquidation of Falcon's assets, Falcon has approximately $1.6 million in Administrative Expense Claims and will hold approximately $4.4 million in unrestricted cash upon confirmation of the Plan. Additionally, Falcon is not an obligor on the

Exit Facility and has no obligation to pay any Claims other than Administrative Expenses Claims under the Plan. Therefore, I believe that the Plan is feasible with respect to Falcon.

60. Management and administration services will be provided to the Reorganized Debtors by AIM. Members of the current senior management team of the Debtors are expected to constitute the senior management team of AIM. In addition to the engagement of existing senior management of the Debtors, AIM expects to employ or enter into consulting agreements with certain key deal team members to maintain continuity in the management of portfolio company investments. The continued employment of existing key deal teams 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.

61. Through the services provided by AIM, the Reorganized Debtors will be able to dramatically downsize its operations and personnel requirements, while still performing obligations under existing agreements with Syndication Companies and portfolio companies, and while maintaining the necessary level of cooperation between the Reorganized Debtors and the Syndication Companies. Additionally, AIM's services will allow the Reorganized Debtors to have continued access to 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 Debtors.

62. Accordingly, I believe that the Plan meets the feasibility requirements of section 1129(a)(11) of the Bankruptcy Code.

L. Payment of Certain Fees (Section 1129(a)(12))

63. Section 2.5 of the Plan provides that U.S. Trustee Fees incurred by the U.S. Trustee prior to the Effective Date shall be paid on the Distribution Date. I believe that the Debtors will have sufficient funds to comply with Section 2.5 of the Plan.

M. Continuation of Retiree Benefits (Section 1129(a)(13))

64. The Plan provides for the continuation of payment by the Debtors of all "retiree benefits," as defined in section 1114(a) of the Bankruptcy Code, if any, at previously established levels. Accordingly, based on my discussions with the Debtors' legal advisors, I believe that the Plan satisfies the requirements of section 1129(a)(13) of the Bankruptcy Code.

N. Domestic Support Obligations (Section 1129(a)(14))

65. The Debtors are not obligated to pay any domestic support obligations.

O. Objection to Plan of an Individual Debtors (Section 1129(a)(15))

66. The Debtors are not individuals.

P. Transfers of Property (Section 1129(a)(16))

67. The Debtors are not corporations or trusts that are not moneyed, business, or commercial corporations or trusts.

Q. Cram Down With Respect to Non-Accepting Classes (Section 1129(b))

1. No Unfair Discrimination

68. It is my understanding, based on my discussions with the Debtors' legal advisors, that a plan of reorganization may be confirmed notwithstanding the rejection or deemed rejection by a class of claims or interests so long as the plan does not discriminate unfairly and is fair and equitable. It is my further understanding, based on such discussions, that (i) a plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner that is

consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class, and (ii) the "fair and equitable" requirement, as set forth in section 1129(b)(2) of the Bankruptcy Code, is satisfied if the Plan satisfies the "absolute priority" rule, i.e. the holders of claims and interests in junior classes are not receiving any property under the plan. Classes 8(a) and 8(g) voted to reject the Plan and Classes 10(a) and10(g) were not entitled to vote on the Plan because such Classes were deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code (together, the "***Non-Accepting Classes***"). For the reasons described below, I believe that the Plan does not "unfairly discriminate" and the "fair and equitable" requirements are satisfied with respect to the Non-Accepting Classes.

69. On the basis of discussions that I have had with the Debtors' legal advisors, it is my understanding that the Plan does not "unfairly discriminate" against the Claims and Interests in the Non-Accepting Classes because such Claims are of different legal nature and priority than the Claims or Interests in all other Classes.

2. Fair and Equitable

70. Additionally, on the basis of discussions that I have had with the Debtors' legal advisors, it is my understanding that the Plan satisfies the "absolute priority" rule. Claims in Classes 8(a) and 8(g) are subordinated below General Unsecured Claims and are treated *pari passu* with Interests in Arcapita Bank and Falcon (*i.e.*, Classes 9(a) and 9(g)) in accordance with section 510(b) of the Bankruptcy Code. Pursuant to the Plan, Holders of Claims in Classes 8(a) and 8(g) will receive, to the greatest extent practicable, the same treatment as Holders of Interests in Classes 9(a) and 9(g), and no junior Class will receive or retain anything under the Plan.

71. The Plan contains a formula that assigns a value to the Interests that approximates the average market value of those interests in the five-year period preceding the Petition Date. With respect to Arcapita Bank, the Interests (Class 9(a)) are assigned an aggregate value of $1,634,446,889. This amount represents the median issue price of Arcapita Bank Shares over the five-year period preceding the Petition Date ($5.25) multiplied by the total number of outstanding Arcapita Bank Shares on the Petition Date.

72. With respect to Falcon, the Interests (Class 9(g)) are assigned an aggregate value of $70,000,000. This amount represents the approximate equity value of Falcon (as determined by the arm's-length sale of its only material asset) minus the amounts that have already been distributed to Falcon's shareholders.

73. Once the Interests in Classes 9(a) and 9(g) are assigned a value that can be compared to the Allowed Claims in Classes 8(a) and 8(g), the Plan provides for *pari passu* treatment as between Classes 8(a) and 9(a) and as between Classes 8(g) and 9(g). In this manner, no Class that is junior to Classes 8(a) or 8(g) will receive or retain anything under the Plan.

74. Thus, based on my discussions with the Debtors' legal advisors, I believe that treatment of the Claims in the Non-Accepting Classes is "fair and equitable." Accordingly, I believe that the requirements of section 1129(b) of the Bankruptcy Code are satisfied.

R. Only One Plan (Section 1129(c))

75. No other plan has been confirmed in these Chapter 11 Cases. Accordingly, based on my discussions with the Debtors' legal advisors, I believe the requirements of section 1129(c) of the Bankruptcy Code have been satisfied.

S. Principal Purpose of the Plan (Section 1129(d))

76. The primary purpose of the Plan is not avoidance of taxes or avoidance of the requirements of Section 5 of the Securities Act of 1933. To my knowledge, no governmental unit has requested that the Plan not be confirmed on the grounds that the primary purpose of the Plan is the avoidance of taxes or the avoidance of application of Section 5 of the Securities Act of 1933.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 6th day of June, 2013.

/s/ Henry A. Thompson
Henry A. Thompson
Executive Director and Head of Legal of Arcapita Bank B.S.C.(c)