

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

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In re: : Chapter 11
: :
ARCAPITA BANK B.S.C.(c) et al., : Case No. 12-11076
: :
: (Jointly Administered)
Debtors. :
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**INTERIM ORDER UNDER 11 U.S.C. §§ 328(a) AND 1103, FED. R. BANKR. P.
2014 AND 2016, AND S.D.N.Y. LBR 2014-1 AUTHORIZING EMPLOYMENT
AND RETENTION OF HOULIHAN LOKEY CAPITAL, INC., AS FINANCIAL
ADVISOR AND INVESTMENT BANKER TO OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF ARCAPITA BANK B.S.C.(c).
NUNC PRO TUNC TO APRIL 12, 2012**

Upon the application, dated June 12, 2012 (the "Application"), of the Official Committee of Unsecured Creditors (the "Committee") appointed in the above-captioned chapter 11 cases (the "Chapter 11 Cases") of Arcapita Bank B.S.C.(c) ("Arcapita Bank"), and its affiliated debtors and debtors in possession (collectively, "Arcapita" or the "Debtors") for an interim order, pursuant to sections 328(a) and 1103 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and rule 2014-1 of the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"), authorizing the Committee to retain and employ Houlihan Lokey Capital, Inc. ("Houlihan") as financial advisor and investment banker for the Committee, *nunc pro tunc* to April 12, 2012, pursuant to the terms of the engagement letter between the Committee and Houlihan, dated as of April 12, 2012 (the "Engagement Letter"); and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of

Referral of Cases to Bankruptcy Judges of the United States District Court for the Southern District of New York (Ward, Acting C.J.), dated July 10, 1984; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided, and it appearing that no other or further notice need be provided; and the Court having reviewed the Application and determined that the employment of Houlihan by the Committee is necessary and in the best interest of the Debtors' estates, creditors, and other parties in interest and that the terms of compensation being sought by the Application as set forth in the Engagement Letter are reasonable; and the Court having considered the Declaration of David Hilty, sworn to June 12, 2012 (the "Hilty Declaration") filed in support of the Application; and the Court being satisfied based on the representations in the Application and the Hilty Declaration that Houlihan does not represent any other entity having an adverse interest in connection with the case; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon all of the proceedings had before the Court, and after due deliberation and sufficient cause appearing therefore, it is hereby:

ORDERED that the Application is granted as provided herein on an interim basis; and it is further

ORDERED that in accordance with sections 328(a) and 1103 of the Bankruptcy Code, the Committee is authorized to employ and retain Houlihan *nunc pro tunc* to April 12, 2012 as its financial advisor and investment banker in the above-

captioned bankruptcy cases on the terms set forth in the Application, the Engagement Letter and the Hilty Declaration; and it is further

ORDERED that all compensation and reimbursement of expenses to be paid to Houlihan shall be subject to the standard of review provided in section 328(a) of the Bankruptcy Code, and not subject to any other standard of review under section 330 of the Bankruptcy Code, and none of the fees contemplated by the Engagement Letter shall constitute a “bonus” under applicable law; and it is further

ORDERED that, notwithstanding the preceding paragraph, all Monthly Fees, Deferred Fees and reimbursement of expenses to be paid to Houlihan shall be subject to prior approval of this Court pursuant to the standard of review described above, and the United States Trustee shall retain the right to object to the Monthly Fees and Deferred Fees payable pursuant to the Engagement Letter based on the reasonableness standard provided for in section 330 of the Bankruptcy Code and the Court shall consider any such objection only by the United States Trustee under section 330 of the Bankruptcy Code; and it is further

ORDERED that in the event Houlihan seeks reimbursement for attorneys’ fees pursuant to the terms of the Engagement Letter, the invoices and supporting time records from such attorneys shall be included in Houlihan’s own application and such invoices and time records shall be subject to the U.S. Trustee’s guidelines for compensation and reimbursement of expenses (the “U.S. Trustee Fee Guidelines”) and the approval of the Bankruptcy Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under

section 1103 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code; and it is further

ORDERED that in light of the services to be provided by Houlihan and the compensation structure in the Engagement Letter, Houlihan and its professionals shall be excused from the requirement to maintain or provide detailed time records in accordance with Bankruptcy Rule 2016(a), Local Rule 2016-1 and the U.S. Trustee Fee Guidelines or conform to a schedule of hourly rates for its professionals; provided, however, that Houlihan shall nonetheless maintain reasonably detailed time records in half-hour increments of its services rendered for the Committee by financial restructuring professional personnel employed by Houlihan, and will submit, with any interim or final fee application, together with the time records, a narrative summary, by project category, of services rendered, and will also provide a list of names of professional employees not in the financial restructuring group who provide services through the course of the engagement; and it is further

ORDERED that to the extent the U.S. Trustee has any objection to the scope, completeness or adequacy of Houlihan's time records or summaries thereof, the U.S. Trustee shall notify Houlihan of such objection within 30 days of receipt thereof or be deemed to have waived any such objection; and it is further

ORDERED that, whereas the Committee has also retained FTI Consulting, Inc. ("FTI") as financial advisor, FTI and Houlihan will coordinate on the services they are providing to the Committee to ensure that there is no unnecessary duplication of services by either firm during the pendency of these chapter 11 cases. The services that FTI provides to the Committee shall remain separate and distinct from the services that

Houlihan provides to the Committee. FTI shall be principally responsible for providing to the Committee financial analyses of the Debtors' liquidity, cash activities, cash control, intercompany activities, as well as tax-related advice, claims analysis and a review of potential avoidance actions, all subject to the Committee's specific authorization and direction. Houlihan will be primarily responsible for advising the Committee on the financial and strategic elements of the Debtors' business plan (including an assessment of all investments, proposed deal funding, relevant valuations and the viability of a stand-alone plan of reorganization), potential merger and acquisition transactions, and financing alternatives for the Debtors, including exit financing. Should the Committee request FTI and/or Houlihan to render such other services as it may deem necessary that may vary from those services described in this paragraph, FTI and Houlihan will undertake to coordinate such services to ensure that there remains no unnecessary duplication of services; and it is further

ORDERED that all requests of Houlihan for payment of indemnity pursuant to the Engagement Letter shall be made by application and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought; provided, however, that in no event shall the Indemnified Parties be indemnified or receive contribution to the extent that any claim or expense has resulted from the bad faith, self-dealing, breach of fiduciary duty (if any such duty exists), gross negligence or willful misconduct on the part of that or any other Indemnified Party;” and it is further

ORDERED that to the extent this Order is inconsistent with the
Engagement Letter or the Application, this Order shall govern; and it is further

ORDERED that this Court shall retain jurisdiction with respect to all
matters arising or related to the implementation of this order; and it is further

Dated: New York, New York
June 29, 2012

/s/ Sean H. Lane
HONORABLE SEAN H. LANE