

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

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IN RE: : **Chapter 11**
: :
ARCAPITA BANK B.S.C.(c), *et al.*, : **Case No. 12-11076 (SHL)**
: :
Debtors. : **Jointly Administered**
: :
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**DECLARATION OF TODD R. SNYDER IN SUPPORT OF DEBTORS' MOTION
TO FURTHER EXTEND EXCLUSIVE SOLICITATION PERIOD**

I, Todd R. Snyder, hereby declare as follows:

1. I am Executive Vice Chairman of North American GFA/Co-Chair of the North American Debt Advisory and Restructuring Group of Rothschild Inc. (together with its affiliate N M Rothschild & Sons Limited, "***Rothschild***"), a financial advisory services and investment banking firm. The principal office of Rothschild Inc. is located at 1251 Avenue of the Americas, 51st Floor, New York, New York 10020. N M Rothschild & Sons Limited has its principal office at New Court, St. Swithin's Lane, London, UK, EC4N 8AL. As the Executive Vice Chairman of North American GFA/Co-Chair of the North American Debt Advisory and Restructuring Group of Rothschild and as the person in charge of Rothschild's engagement by Arcapita Bank B.S.C.(c) ("***Arcapita***") and certain of its subsidiaries, as debtors and debtors in possession (collectively, the "***Debtors***" and each, a "***Debtor***"), I am duly authorized to make this Declaration on behalf of Rothschild in support of the Motion (the "***Motion***")¹ of the Debtors for an order pursuant to section 1121(d) of the Bankruptcy Code extending the Debtors' exclusive period to solicit acceptances of its proposed plan of reorganization.

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

2. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, information learned from my personal involvement in advising the Debtors, my review of relevant documents and information supplied to me and work performed by professionals at Rothschild acting under my supervision, and on my experience in advising companies involved in Chapter 11 reorganizations. If called upon to testify, I could and would testify competently to the facts set forth herein.

3. Rothschild is one of the country's leading investment banks with expertise in mergers and acquisitions, restructurings and other financial advisory services. Rothschild has extensive experience representing the interests of debtors, creditors and institutional investors in business restructurings and workouts both in and out of Chapter 11, and in representing clients in a wide range of industries.

4. I have advised companies regarding restructurings and reorganizations for approximately 24 years. I have worked with companies in a wide range of industries providing advice regarding restructurings, reorganizations, workouts, and a variety of other transactions, including exchange offers, financing transactions, mergers, divestitures and management-led buyouts.

5. Among my positions prior to joining Rothschild, I was a Managing Director at the investment banking firm of Peter J. Solomon Company and a Managing Director at KPMG in the Corporate Recovery Group. I also previously practiced law in the Business Reorganization department of Weil, Gotshal & Manges LLP. I received a J.D. from the University of Pennsylvania Law School and an undergraduate degree from Wesleyan University. A copy of my professional biography is attached hereto as Exhibit A.

6. I have testified at trial, by deposition or by proffer in, among others, the following Chapter 11 cases: (a) UAL Corporation; (b) Dow Corning Corporation; (c) Adelphia

Communications Corporation; (d) Federal Mogul Corporation; (e) Emerald Casino; (f) Comdisco, Inc.; (g) Globe Manufacturing; (h) Finova Group Inc.; (i) Recycling Industries, Inc.; (j) Renaissance Cosmetics, Inc.; (k) Qualitech Steel Corporation; (l) Zenith Electronics Corporation; (m) Solutia Inc.; (n) Visteon Corporation; (o) Tronox Incorporated; (p) Nebraska Book Company; and (q) First Place Financial Corp.

7. I understand that on July 9, 2012, the Court entered an order approving Rothschild's employment by the Debtors as financial advisor and investment banker [Docket No. 305]. Pursuant to the order, Rothschild is authorized to provide a number of financial advisory and investment banking services to the Debtors in the course of the Chapter 11 cases, including, assistance with the structure of a plan or plans of reorganization.

8. I, and several other Rothschild professionals acting under my supervision, have spent extensive time conferring with the Debtors' management and personnel and in meetings with the other professionals employed by the Debtors to analyze and understand the business, affairs, assets and liabilities of the Arcapita Group in connection with formulating the Plan.

9. I have met with the Debtors' management in Bahrain, London and New York and participated in numerous conference calls and daily communications. I have consulted extensively with the Debtors' bankruptcy counsel and have spent an extensive amount of time negotiating numerous aspects of the Debtors' proposed Plan with the Committee, the Ad Hoc Group and others.

10. The Debtors, together with their professionals, have worked diligently to formulate and document a confirmable plan of reorganization. The Debtors' draft plan incorporated a valuation analysis of the Debtors' assets. Using this analysis and other data, the Debtors evaluated the relative rights of the creditors of Arcapita Bank and AIHL resulting in a value

allocation model. Based on the valuation allocation model, the Debtors' draft plan proposed an allocation of the estate assets between the creditors of Arcapita Bank and the creditors of AIHL.

11. Although the Debtors' Plan was ready to be filed on December 15, 2012, I understand that the Committee requested that the Debtors' refrain from filing a plan until the Committee could provide a consensual allocation of value of a reorganized Arcapita. I participated in discussions with the Debtors and its professionals as to whether to agree to the Committee's request. After the Debtors agreed to the Committee's request for additional time, the Committee and the Debtors agreed to several additional extensions of the Exclusive Periods to accommodate the time needed by the Committee to reach an agreement. The final agreement extended the Exclusive Filing Period to February 8, 2013.

12. It is my understanding that on February 7, 2013, the Committee communicated the results of their internal negotiations to the Debtors for inclusion in the Plan. The Debtors and the Debtors' advisors concluded that the Committee's agreed allocation of value between the creditors of Arcapita Bank and the creditors of AIHL was reasonable and, on February 8, 2013, the Debtors filed their Plan which incorporated the Committee's proposed allocations.

13. The Arcapita bankruptcy cases are enormously complex. Negotiating terms for a successful Plan requires that the Debtors and their professionals balance the interests of many factions and reach numerous resolutions that often impact disparate groups. The factors leading to the complexity of these bankruptcy cases include (a) the complex structure of the Debtors' overall organization, (b) the Debtors' "co-investment" business model leaving the Debtors with minority interests in the Portfolio Companies, (c) international tax issues, (d) the geographic spread of the Debtors' assets, its management and its creditors, (e) differing culture and business practices in the Middle East as compared to the United States, (f) Bahrain regulatory issues, (g) AIHL's insolvency proceedings pending in the Cayman Islands, (h) Shari'ah compliance

issues, (i) conflicting claims to value allocation among creditors, and (j) the investment concerns of the co-investors and majority holders of the interest in the Portfolio Companies. Dealing with these issues has required the Debtors, the Committee and their respective professionals to spend a significant amount of time analyzing these complex matters and conducting multilateral negotiations.

14. Throughout the Debtors' development of the Plan, the Debtors and their professionals, including Rothschild, have worked diligently with various creditor groups—including the Committee, the Ad Hoc Group, and the JPLs—to develop a plan of reorganization that incorporates input from these constituencies regarding resolution of certain inter-creditor and inter-estate issues with the goal of achieving broad-based support for the Plan and to develop a post-emergence management structure that maximizes value and minimizes future disputes. Based on my general experience and my specific involvement in these cases, the Debtors have acted aggressively to quickly develop consensus and have avoided delay wherever possible in bringing Plan negotiations to this point. Additionally, since the filing of the Plan, the Debtors and their professionals, including Rothschild, have continued Plan-related discussions with the Committee, the Ad Hoc Group, the JPLs and others to reach final agreement on open issues.

15. In my opinion, based upon my general experience, my personal involvement in these Chapter 11 cases and my review of the Plan, the Plan proposed by the Debtors provides the best path to emergence from Chapter 11 on a schedule in compliance with the present projections and the DIP. Progress toward confirmation is proceeding in an orderly and productive manner, especially considering the complexities described above.

16. If exclusivity is not extended to allow the Debtors' the exclusive right to solicit acceptances of its Plan and if competing plans are filed, the estate will lose the benefit of the multilateral support that has been developed to this point. Creditors in foreign jurisdictions will

be confused by the process, and competing plans, at the very least, will cause substantial delay. Such delay alone will add substantial cost and risk to these bankruptcy cases. Given the attendant delay, it is unlikely that a competing plan process would lead to successful resolution of these bankruptcy cases within the timeframe allowed by the existing DIP structure.

17. Based upon my personal involvement in these Chapter 11 cases, and based on my experience in advising businesses in restructuring through bankruptcy proceedings, I believe the requested extension of the Exclusive Solicitation Period will provide the necessary time following the expiration of the Exclusive Filing Period to develop support for and solicit votes on the Plan in an organized fashion and that confirmation of the proposed Plan will best preserve the value of the Debtors' estates.

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 12th day of March 2013.

/s/ Todd R. Snyder

Todd R. Snyder

Executive Vice Chairman of North American
GFA/Co-Chair of the North American Debt
Advisory and Restructuring

Rothschild Inc.

EXHIBIT A

Todd R. Snyder Professional Biography

Professional Biography: Todd R. Snyder

Todd R. Snyder is an Executive Vice Chairman of North American GFA and Co-Chair of the North American Debt Advisory and Restructuring Group of Rothschild Inc., a leading international investment banking and financial advisory firm. Todd has been an advisor to companies in restructurings and reorganizations for twenty-four years. He has been instrumental in a diverse selection of complex transactions including reorganizations, restructurings, financings, spinoffs, workouts, exchange offers, mergers, divestitures and management led buyouts.

Todd has advised companies in a range of industries. Representative assignments include, advising United Airlines, YRC Worldwide, Solutia, Tronox, Syncora Holdings Ltd., OCA, Comdisco, Security Capital Assurance, Ltd., Tekni-plex, Federal Mogul, AK Steel, The FINOVA Group, Zenith Electronics, Dow Corning, Special Metals Corporation, Visteon Corporation, Emerald Casino, Wheeling Pittsburgh Steel, GAF Corp., Recycling Industries, Great American Recreation, Merrill Corporation, Globe Manufacturing, Global Aviation, Arcapita Bank and Nebraska Book.

In addition, Todd has advised creditors in significant matters including the official committee of trust preferred security holders in First Place Financial Corp., UBS in the context of Finish Line – Genesco, the bondholders in ORBCOMM Global, the subordinated convertible debtholders in Adelphia Communications, RMBS, municipal and infrastructure holders of financial guaranty claims in FGIC and the official committees of unsecured creditors in Sea Launch and Metromedia International Group as well as the PBGC in Northwest Airlines, Entergy Corporation's proposed nuclear energy spinoff, Tower Automotive and across the auto and healthcare industries. Todd has also advised two administrations with respect to the reorganization of the automobile industry (including General Motors, Chrysler and Adam Opel) and has been a Global Co-Head of Rothschild's Automotive Industry Sector. Todd was named co-lead negotiator by Governor Cuomo to lead New York State's renegotiation of its public sector union contracts. He was named "2009 Rainmaker of the Year" by Institutional Investor and "2010 Restructuring Investment Banker of the Year" by Global M&A Network.

Before joining Rothschild, Todd was a Managing Director in the Restructuring and Reorganization group at Peter J. Solomon Company. Prior to joining Peter J. Solomon Company, Todd was a Managing Director at KPMG Peat Marwick in the Corporate Recovery group where he was also National Director of the Corporate Recovery Practice for Government Enterprises (regulated and privatizing industries). Todd has also run his own advisory and investment firm, Hesperus Advisors, specializing in recapitalizations and workouts. Prior to his move to investment banking, Todd practiced law in the Business Reorganization department of Weil, Gotshal & Manges.

Todd graduated with honors from Wesleyan University where he serves on the President's Council. He received a Juris Doctor from the University of Pennsylvania Law School where he was a senior editor of the Journal of International Business Law and a Co-Chairman of the Committee on Academic Responsibility. He was Co-Chairman of the ABI New York Bankruptcy Conference. Todd has been an adjunct professor at New York University Law School and New York University Leonard N. Stern School of Business and speaks frequently on reorganization related topics. He co-authored *The Patronus Technique: A Practical Proposal for Asbestos Driven Bankruptcies* (Journal of Bankruptcy Law and Practice – Volume 11); *Asbestos Prepackaged Bankruptcies: Apply the Brakes Carefully and Retain Flexibility for Debtors* (ABI Law Review – Volume 13.801) as well as *The busted spinoff: lessons for directors* (published in Navigating in Today's Environment: The Directors' and Officers' Guide to Restructuring) and has been visiting lecturer at the London Business School in the Masters in Finance Program and the University of Chicago Graduate School of Business. Todd was a member of the Study Panel on Science, Security and Prosperity in a Changing World at the National Academies of Science. Todd currently serves as a trustee for non-profit organizations BRC (f/k/a Bowery Residents Committee) and Shining Hope for Communities. He also is a member of the steering committee of NYC Bankruptcy Assistance Project (NYC BAP). Todd formerly served as a director of GenCorp Inc. (NYSE: GY) and AMC Financial, Inc. (NASDAQ).