

EXHIBIT B

**BIDDING PROCEDURES FOR
THE SALE OF SUBSTANTIALLY ALL
OF THE ASSETS OF THE GSC GROUP**

The bidding procedures summarized below (these “Bidding Procedures”) set forth the process by which GSC Group, Inc. and certain direct or indirect subsidiaries and affiliates (collectively, the “Debtors”) are authorized to sell substantially all of the Debtors’ assets.

These Bidding Procedures were approved by order dated September [___], 2010 (the “Bidding Procedures Order,” a copy of which is attached hereto as Exhibit A) of the United States Bankruptcy Court for the Southern District of New York (the “Court”), in which the Debtors’ jointly administered chapter 11 cases, Case No. 10-14653 are pending.

The sale is subject to, among other things, competitive bidding in the manner prescribed below, approval by the Court of the Successful Bid (as defined below), and, to the extent required for certain assets, the negative consent or deemed consent of investors holding a majority of the limited partnership interests in the relevant funds, and other relevant parties.

**ANY PARTY INTERESTED IN BIDDING ON ANY OF THE DEBTORS’
ASSETS SHOULD CONTACT THE DEBTORS’ FINANCIAL ADVISORS, CAPSTONE
AG, ATTN: BOB BUTLER, (678) 575-4864, BBUTLER@CAPSTONEAG.COM**

1. Assets for Sale.

The assets (the “Assets”) proposed for sale consist primarily of assets owned, held, or used in the Debtors’ investment management business, including debt and equity interests in partnerships, limited liability companies and investment vehicles to which the Debtors (or their non-debtor affiliates) provide investment management services or serve as general partner, limited partner, member or in a similar capacity. A list of the Assets will be posted in the virtual data room and the Debtors reserve the right, at any time, from time to time, to add or remove assets from the list of Assets for sale with the consent of the Agent (the “Agent”) under that certain fourth amended and restated credit agreement dated as of February 28, 2007 (as amended, modified or supplemented from time to time, the “Existing Credit Agreement”), which consent shall not be unreasonably withheld. As set forth below, bidders are invited to submit a bid for substantially all of the Assets or, at the bidder’s election, for specifically identified lots of Assets (the “Lots”) or combinations of Lots that the bidder may desire. A list of the Lots that are available for individual bids or group bids will be posted in the virtual data room. The Debtors shall retain all rights to any assets that are not part of a bid accepted by the Debtors, subject where applicable to the Agent’s secured liens.

2. Requirements for Participation.

Any person wishing to submit a bid to purchase one or more of the Lots must comply with each of the requirements set forth below (such person, a “Qualified Bidder,” and such bid, a “Qualified Bid”). Any person wishing to conduct diligence with respect to the Assets in contemplation of a possible bid must sign a confidentiality agreement (a “Confidentiality Agreement”) on terms satisfactory to the Debtors in their sole discretion.

3. Due Diligence.

Upon execution of a Confidentiality Agreement, each prospective bidder shall be afforded reasonable due diligence access with respect to the Assets up to and including the Bid Deadline (the “Due Diligence Period”). Neither the Debtors nor their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Assets at any time prior to or after the Due Diligence Period. Due diligence access may include such management presentations as may be scheduled by the Debtors, access to the virtual data room, and such other matters which a prospective bidder may reasonably request and as to which the Debtors, in their sole discretion, may agree. The Debtors will designate an employee or other representative to coordinate all reasonable requests for additional information and due diligence access from prospective bidders. The Debtors may, in their sole discretion, coordinate diligence efforts such that multiple prospective bidders have simultaneous access to due diligence materials and/or simultaneous attendance at management presentations. Prospective bidders are advised to exercise their own discretion before relying on any information regarding the Assets provided by anyone other than the Debtors or their representatives.

Each bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to submitting its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection with the bidding process outlined herein, except as expressly stated in the relevant purchase agreement of the Successful Bidder(s) (defined below) approved by the Court.

4. Form of Agreement

On or before September 3, 2010, the Debtors will post in the virtual data room, for bidders who intend to submit bids for substantially all the Assets and who have signed a Confidentiality Agreement, the Form Asset Purchase Agreement (as amended, modified or supplemented from time to time, and including the schedules and exhibits thereto, the “Form APA”).¹ On or before September [___], 2010, for bidders who intend to submit bids for individual Lots or small combinations of Lots and have signed a Confidentiality Agreement, the Debtors will post in the virtual data room, a form of asset purchase agreement (the “Short Form APA”) that will be substantially similar to the Form APA, but with modifications appropriate for smaller transactions. As set forth in section 6(b) below, Bidders who intend to submit bids must include with their bids a clean asset purchase agreement that contains substantially the same or terms more favorable to the Debtors than those in the Form APA or the Short Form APA, as applicable.

¹ Capitalized terms used but not defined in these Bidding Procedures shall have the meanings ascribed to them in the Form APA or, to the extent not defined therein, the Bidding Procedures Order.

5. Bid Deadline

A Qualified Bidder who wishes to make a bid to purchase one or more of the Assets must deliver the Qualified Bid Required Documents (as defined below) **so as to be received by not later than 5:00 p.m. (prevailing Eastern Time) on October 5, 2010** (the “Bid Deadline”) by each of the following: (a) GSC Group, Inc., 500 Campus Dr., Florham Park, New Jersey, 07932 Attn: Peter Frank; (b) the Debtors’ financial advisor, Capstone AG, Park 80 West, 250 Pehle Ave., suite 150, Saddle Brook, NJ 07663, Attn: Bob Butler; and (c) the Debtors’ counsel, Kaye Scholer LLP, 70 West Madison Street, Suite 4100, Chicago, Illinois, Attn: D. Tyler Nurnberg and Matthew J. Micheli.

6. Bid Requirements

All bids must include the following (the “Qualified Bid Required Documents”):

(a) a letter, executed by such bidder, (i) setting forth the cash purchase price to be paid by such bidder (or in the case of the Agent, if applicable, the credit bid amount), (ii) stating the Lots proposed to be acquired and the liabilities proposed to be paid or assumed by such bidder, (iii) stating that the bid is irrevocable until the conclusion of the Sale Hearing (as defined below), (iv) stating that the bid and the agreements, exhibits and schedules referred to in clause (b) immediately below, have been duly authorized, executed and delivered by such bidder and that no further corporate, equityholder or internal approvals of any sort are required, (v) setting forth each regulatory and third-party approval required for the bidder to consummate its purchase, and the time period within which the bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than 30 days following execution and delivery of an asset purchase agreement, those actions the bidder will take to ensure receipt of such approval(s) as promptly as possible), (vi) including a commitment to close on or before October 25, 2010 (the “Projected Closing Date”), and (vii) confirming that the bid is not conditioned on receipt of financing or the outcome of any due diligence investigation;

(b) (i) a clean asset purchase agreement (the “Modified APA”), duly authorized, executed and delivered by such bidder, for the Assets the bidder proposes to purchase, consistent in all material respects with clause (a) immediately above, together with all exhibits and schedules thereto, which contains substantially the same or terms more favorable to the Debtors than the terms set forth in the Form APA or the Short Form APA, as applicable, and (ii) a marked version of the Modified APA reflecting the variations from the Form APA or Short Form APA, as applicable, and each exhibit and schedule thereto;

(c) (i) to the extent that the bidder proposes to pay purchase consideration in whole or in part, from cash on hand (as reflected on its balance sheet), recent financial information that establishes, to the Debtors’ satisfaction, such bidder’s ability to pay the cash portion of the purchase price under the Modified APA, (ii) to the extent that such bidder is proposing to pay purchase consideration with funds from any third-party financing source (whether such source is providing debt or equity financing), written evidence that establishes, to the Debtors’ satisfaction, a firm commitment for such financing (including, without limitation, under any existing credit facility), in each case, containing no material conditions to the closing and funding of such financing other than satisfaction of the conditions set forth in the Modified

APA and other than entry of the Sale Order (as defined below) and receipt of required government consents or approvals, and (iii) a combination of the materials described in (i) and (ii) above evidencing, to the Debtors' satisfaction, sufficient capitalization;

(d) a proposed sale order substantially similar to the Sale Order proposed by the Debtors and satisfactory in all respects to the Debtors;

(e) an acknowledgement and representation that the bidder will assume the Sellers' obligations under the executory contracts and unexpired leases proposed to be assigned pursuant to the Form APA (or identifies with particularity which of such contracts and leases the bidders wishes not to assume, or alternatively which additional executory contracts or unexpired leases the bidder wishes to assume), contains full details of the bidder's proposal for the treatment of related cure costs, and identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;

(f) bids for any Lots will require a purchase price allocation among certain components of the Lots as set forth on the Lot List and in section [] of the Form APA, and an agreement to purchase such components, regardless of whether consent is received from the Consent Parties (as defined below) for other components of the Lot;

(g) to the extent necessary for certain management rights and any other Assets included in the bidder's bid, written evidence satisfactory to the Debtors that the bidder or one of its affiliates is a registered investment advisor in good standing under the Investment Advisors Act of 1940;

(h) a disclosure of the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid, and the complete terms of any such participation;

(i) a cash deposit in the amount of the lesser of \$1,000,000 and the amount of the bidder's bid (except in the case of a credit bid);

(j) an irrevocable agreement to increase the bidder's deposit to the greater of 10% of the bid price or \$1 million (but in no event more than the bid price), within three (3) business days after such bidder is selected as a Successful Bidder (as defined below) (except in the case of a credit bid); and

(k) a provision for liquidated damages in the event of the bidder's breach of contract equal to 50% of the bid price.

No Qualified Bid shall, or shall purport to, request or entitle the bidder to any break-up fee, expense reimbursement, termination or similar type of fee or payment.

Upon submission of a bid, the bidder shall, at the Debtors' request, provide information that evidences, to the Debtors' satisfaction, the bidder's financial wherewithal and operational ability to consummate the transaction proposed in its bid, including, without limitation, such financial and other information setting forth adequate assurance of future performance under section 365 of the Bankruptcy Code in a form requested by the Debtors to

allow the Debtors to serve such information on counter-parties to any contracts or leases being assigned in connection with the proposed sale that request in writing such information.

Each bidder and Qualified Bidder shall comply with all reasonable requests for additional information and due diligence access by the Debtors or their advisors regarding such bidder or Qualified Bidder and the transaction contemplated by its bid.

The right of the Agent or any lender under the Existing Credit Agreement (each, a “Lender”) to make a cash or credit bid for any Assets, including any Lot or combination of Lots, is fully preserved. Notwithstanding anything in these Bid Procedures, the Bid Procedures Order, or the Sale Order, a credit bid or cash bid from the Agent or any Lender shall be a Qualified Bid.

Within 24 hours following the Bid Deadline, the Debtors shall make a determination regarding whether a bid is a Qualified Bid and notify all Qualified Bidders of the identity of all Qualified Bidders.

7. Combination Bids.

The Debtors reserve their right to auction off the Lots individually or in such combinations of Lots as the Debtors may determine in their sole discretion. Bidders are invited to bid on the individual Lots or in such combinations of Lots as the bidder may elect, *provided* that any bid for a combination of Lots must (x) allocate the purchase consideration among the Lots, (y) state whether the bid is conditioned upon the bidder being the Successful Bidder (as defined herein) on more than one Lot and, if so, which are the Lots that the bid is conditioned upon, and (z) state whether the bidder is willing to purchase any of the Lots included in the bid individually, and if so, the bid must state the price the bidder would pay for each such Lot.

8. Evaluation of Qualified Bids.

Prior to the Auction, the Debtors shall determine, in their reasonable business judgment after consultation with their financial and legal advisors, which of the Qualified Bids is likely to result in the highest or otherwise best offer for the Assets (the bid so selected being referred to herein as the “Starting Bid”). In evaluating any Qualified Bid or subsequent bid either to determine the Starting Bid or at the Auction, the Debtors may consider a variety of factors including, without limitation, the net value and recovery to the Debtors’ estates, creditors and equityholders (including, without limitation, after giving effect to any purchase price adjustments provided for in such bid), the amount and availability of distributions to the Debtors’ estates, creditors and equityholders as a result of the proposed transaction, the assets and liabilities included or excluded from the bid (and the resulting effect on value and distributions), the number, type and nature of any changes to the Form APA or Short Form APA, as applicable, requested by each bidder, the amount of assets included or excluded from the bid, the financial viability of the bidder and the likelihood and timing of closing the transactions contemplated in each Qualified Bid.

The Debtors may take into account any non-cash property included as consideration in a bid, *provided* that (a) such non-cash property has a readily ascertainable market value or (b) the Agent agrees that such non-cash property reduces the amounts that the Debtors owe the Agent under the terms of the Existing Credit Agreement.

9. One Qualified Bid.

If only one Qualified Bid is submitted by the Bid Deadline, the Debtors shall cancel the Auction and the Qualified Bidder shall be deemed to be the Successful Bidder (as defined below).

10. Auction.

In the event that the Debtors receive more than one Qualified Bid, the Debtors shall conduct an auction (the "Auction") with respect to the Assets, starting on October 7, 2010 at 10:00 a.m. (prevailing Eastern Time) at Kaye Scholer LLP, 425 Park Avenue, New York, NY 10022, or at such other place, date and time as may be designated at any time from time to time in writing by the Debtors.

Only (i) the Debtors and their advisors, and (ii) parties that have been advised that they have submitted or been deemed to have submitted a Qualified Bid and their respective advisors, will be permitted to attend the Auction.

The Debtors intend to conduct the Auction in two phases. In the first phase, the Debtors will auction off individual Lots. In the second phase, the Debtors will solicit bids from parties interested in bidding on the Lots in such combinations as the bidders may elect, subject to the requirements for "combination bids" set forth above. Following the Auction, the Debtors will determine, in consultation with their advisors, which individual bid or combination of bids is in the best interests of the Debtors and their estates.

The Auction shall be governed by the following procedures:

(i) Only Qualified Bidders shall be entitled to make any subsequent bids at the Auction;

(ii) Each Qualified Bidder shall be required to confirm in writing that it has not engaged in any collusion with respect to the bidding or the sale of the Assets;

(iii) The Qualified Bidders shall appear at the Auction in person or through a duly authorized representative;

(iv) The Auction will be conducted in the manner determined by the Debtors in their sole discretion except to the extent inconsistent with these Bidding Procedures, *provided* that, in those Lots with a Starting Bid, the initial overbid must have a value of at least 110% of the Starting Bid;

(v) Following the initial overbid, subsequent bids must be in such increments as announced by the Debtors for such lot at the start of the relevant auction;

(vi) After the first round of bidding and between each subsequent round of bidding, the Sellers shall announce the bid or combination of bids (and the value of such bid(s)) that they believe to be the highest or otherwise best offer (the "Leading Bid"). A round of bidding will conclude after each participating Qualified Bidder has had the opportunity to submit a subsequent bid with full knowledge of the Leading Bid;

(vii) All Qualified Bidders shall have the right to submit additional bids and make additional modifications to their respective Modified APA at the Auction, *provided* that any such modifications to the Modified APA, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtors than any prior bid by such party or the preceding bid; and *provided further* that such additional bids must comply with the conditions for a Qualified Bid set forth above; and

(viii) The Debtors shall have the right to request any additional financial information that will allow the Debtors to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transactions contemplated by the Modified APA, as further amended during the Auction, and any further information that Debtors believe is reasonably necessary to clarify and evaluate the terms of a Qualified Bidder's bid.

11. Selection of Successful Bidder.

Prior to the conclusion of the Auction, the Debtors will take the various bids received under consideration and determine and announce to the Qualified Bidders which bid, or combination of bids, is in the best interests of the Debtors and their estates. The Debtors reserve the right to (a) determine in their sole discretion which bid or combination of bids is highest or otherwise best (each a "Successful Bid" and the bidder a "Successful Bidder"), (b) reject at any time prior to the Court's approval of a bid, without liability, any bid that the Debtors deem to be (x) inadequate or insufficient, (y) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or these Bidding Procedures, or (z) contrary to the best interests of the Debtors or their estates.

12. Sale Hearing.

The Successful Bid will be subject to approval by the Court at the sale hearing to approve the sale of the Assets included in that particular bid (the "Sale Hearing"). Please be advised that the Sale Hearing to approve a proposed sale of Assets to one or more Successful Bidders will take place before the **Honorable [TBD] in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004-1408 on October 22, 2010, at []:00 [a.m./p.m.] (prevailing Eastern Time)**, or at such time thereafter as counsel may be heard. The Successful Bidder should be represented by counsel at the Sale Hearing.

13. Third Party Consents.

The transfer of certain of the Assets, including the Debtors' rights under certain agreements, may, under the operative agreements or applicable law, require the consent of certain parties (the "Consent Parties"). In those instances, within two (2) business days after the conclusion of the Auction, the Debtors will provide notice of the proposed sale to the Successful Bidder(s) and seek consent from the Consent Parties to the transfer of the Debtors' rights under the relevant agreements and the continuation of such agreements. As provided in the Bidding Procedures Order, the Consent Parties will be deemed to have consented to the transfer or assignment if the requisite number of Consent Parties fail to object before the earlier to occur of (i) fifteen (15) days following service of the notice, or (ii) two (2) business days prior to the Sale

Hearing, notwithstanding any terms in the operative agreements requiring an affirmative consent from the Consent Parties. The Debtors contemplate that the Sale Order shall provide that such contracts may be assigned and/or otherwise transferred to the Successful Bidder(s) notwithstanding any provision that prohibits, restricts, or conditions assignment or allows the counterparty or any Consent Parties to terminate, recapture, impose any penalty, or modify any term, upon such assignment.

In the absence of timely objections from the Consent Parties, the Debtors intend to consummate the proposed transfer of such rights. If timely objections are received from Consent Parties such that the actual, deemed, or negative consent of other Consent Parties would be insufficient to permit transfer of such agreement, the Debtors may, at their discretion but with the Successful Bidders' consent, either (a) proceed with the transaction in accordance with the terms of the Form APA, Short Form APA, or the Modified APA, as applicable, with the Successful Bidder(s), or (b) proceed with a modified transaction, excluding the contract which is the subject of the objection.

14. Return of Deposits.

Except as otherwise provided in these Bidding Procedures, all deposits shall be returned to each bidder not selected as the Successful Bidder by no later than the fifth (5th) business day following the conclusion of the Auction; *provided, however*, that the interest on such deposit may not be returned until the second (2d) business day of the month following such conclusion.

15. Reservation of Rights.

Notwithstanding any of the foregoing, the Debtors reserve their rights, in the exercise of their fiduciary obligations, to modify these Bidding Procedures or impose, at or prior to the Auction, additional customary terms and conditions on the sale of the Assets, including, without limitation, extending the deadlines set forth herein, modifying bidding increments, adjourning the Auction at the Auction and/or adjourning the Sale Hearing in open court without further notice; *provided, however*, that the Debtors cannot change any deadlines in these Bidding Procedures or the Bidding Procedures Order without the Agent's consent, except pursuant to court order sought by Debtors based on changed circumstances, with respect to which all of the Agent's rights are reserved.

Exhibit A

**Bidding Procedures Order
(without attachments)**